

ABSTRACT

Title of Dissertation: THE POLITICS OF NON-INCREMENTAL SCHOOL FINANCE REFORM: A CASE STUDY ANALYSIS OF VERMONT'S ACT 60 AS A TEST OF MAZZONI'S ARENA MODEL

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This research, grounded in political theory, had two major purposes: 1) to explain a case of non-incremental policy change within the realm of school finance reform; and 2) to test the utility of Mazzoni's (1991) arena model for explaining state-level school finance policymaking. These goals were accomplished through an examination of the Vermont state legislature's policymaking process in response to the Vermont Supreme Court *Brigham v. State* (1997) ruling declaring the state's system of school finance unconstitutional. This analysis sought to explain how key political actors, taking

advantage of favorable reform conditions, utilized power derived from positional authority as well as personal influence to impact the passage of Act 60, an innovative and forcefully redistributive piece of school finance legislation.

The research employed a qualitative case method as a means to answer the research questions. Data collection drew from an informant interview process supported by extensive primary and secondary source document review. Data were systematically analyzed against the conceptual framework, presented in a case narrative and discussed in light of related literature to generate analytic conclusions with regard to the process of state education policymaking for school finance.

Study findings highlight the general utility of Mazzone's arena model in explaining non-incremental policy change in the realm of school finance reform; the importance of politically savvy and well-situated policy entrepreneurs who can take advantage of propitious events such as a court ruling to advance non-incremental policy reform; and the role of political elites in advancing the cause of school finance reform. Suggestions for future research include the potential refinement of the arena model to include a judicial arena and the use of other policy frameworks to analyze non-incremental policy innovation for school finance.

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A CASE STUDY ANALYSIS OF VERMONT'S ACT 60
AS A TEST OF MAZZONI'S ARENA MODEL

by

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CHAPTER ONE

INTRODUCTION

Although states are constitutionally obligated to provide public education, most have delegated a major portion of this responsibility to local school districts. For example, states have long tasked local districts with the primary responsibility for funding public education. These districts have traditionally relied on revenue collected from local property taxes to fund their schools (Ward, 1998; DeMoss, 2003; Schmidt & Scott, 2004; Shelly, 2011). However, disparities in taxable local district wealth have frequently led to sizable differences in school funding levels across school districts within any given state (Rebell, 2009). While state financial intervention has ameliorated school funding discrepancies in most states, locally generated revenue still accounts for approximately 45 percent of school budgets and sizable funding discrepancies persist (Baker, Green & Richards, 2008). As McUsic (1999) notes: “The distribution of educational resources is remarkably unequal in the United States, skewed across lines of race and class” (p. 88).

Yet, a quality education is viewed as an essential component of a successful and productive adult life. Structural impediments such as funding disparities frequently prevent equitable access to education for America’s poor and minority students. School finance reform¹ is often viewed as one front in the push for eliminating those structural impediments and is predicated on the belief that improved access to education funding

¹ In her study of the politics of school finance reform in four Midwestern states, Siegel (1976) defines the term school finance reform as “...attempts by state governments to restructure their school aid formula in order to provide greater equity in the distribution of educational revenues and in their tax structures” (p. 218).

can improve educational outcomes for students (Card & Payne, 2002; Jimerson, 2001; Jimerson, 2002).

Since the late 1960s, the courts have served as the primary vehicle for those groups seeking to address discrepancies in school finance. In the ensuing decades, no fewer than 46 states have been involved in school finance litigation (Dinan, 2009). Plaintiff rulings have generally defined equity in terms of “fiscal equity” and measure it through the equalized capacity of school districts to raise school funds (Underwood, 1994). In short, these rulings seek to close the gap in per-pupil expenditures between high wealth districts and low wealth districts.

The philosophical arguments for the school finance reform movement were largely based on two influential works: Arthur Wise’s *Rich Schools, Poor Schools*, published in 1968, and Coons, Clune and Sugarman’s *Private Wealth and Public Education*, published in 1970 (Ward, 1998; Roellke, Green & Zielewski, 2004). Their ideas, which tie school funding discrepancies to the constitutional concept of equal protection, have served as the basis for education finance reform litigation.

California’s *Serrano v. Priest* (1971) is generally noted as the landmark case that initiated judicial reform of state education finance systems. In *Serrano*, the California Supreme Court held that California’s state system of school finance was unconstitutional in that it violated the U.S. Constitution’s 14th Amendment guarantee of equal protection. Importantly, the *Serrano* court adopted Coons, Clune and Sugarman’s concept of fiscal neutrality as an ideal for providing equal protection under the law (Guthrie et al., 2007; Ward, 1998). Fiscal neutrality – the lack of a correlation between education spending and local district property wealth – subsequently became the standard for challenging the

constitutionality of school finance schemes at both the federal and state levels (Vandersall, 1998; Roellke, Green & Zielewski, 2004).

A quarter century later, the concept of fiscal neutrality is echoed in the Vermont Supreme Court's ruling in *Brigham v. State* (1997) where the justices concluded: "The distribution of a resource as precious as educational opportunity may not have as its determining force the mere fortuity of a child's residence" (p. 15). Regarding this point, the court further clarified: "Equal educational opportunity does not necessarily require precisely equal per-capita expenditures, nor does it necessarily prohibit cities and towns from spending more on education if they choose, but it does not allow a system in which educational opportunity is necessarily a function of district wealth" (p. 17). Based on these judicial principles, the court charged the Vermont legislature with creating a new system of school finance that afforded students "substantial equality of educational opportunity" by dissolving the existing relationship between district wealth and per-pupil expenditures.

Dayton and Dupre (2007) remark:

...there are always winners and losers in school funding reforms, which often leads to protracted litigation in these cases.... School funding reforms directly affect tax burdens, the distribution of resources and the allocation of educational opportunities. Competition over limited resources is inevitable. (p. 482)

As a result, court-mandated school finance reform is contentious and legislative compliance with court mandates is quite slow in several states (Carr & Fuhrman, 1999; Dayton & Dupre, 2007; Rebell, 2009). However, just four months after having its school finance system declared unconstitutional, the Vermont legislature dramatically reduced the state's longstanding reliance on local property taxes to fund schools in favor of two

new funding mechanisms that redistributed property wealth from property-rich school districts to property-poor school districts. These mechanisms included: 1) a statewide property tax used to provide a \$5,000 per-pupil block grant; and 2) a guaranteed yield² second tier local property tax for those districts wishing to spend above the block grant. Funds collected under the second tier property tax were pooled through a recapture provision and redistributed back to school districts based on taxing effort.³

Known formally as the Equal Educational Opportunity Act of 1997 (but commonly referred to as Act 60), this landmark legislation did much to equalize funding in a state where, in 1994, local funding accounted for 62.5 percent of school district budgets; a rate exceeded by just two other states (Monk & Brent, 1997). Commenting on the legislation's new funding mechanisms, economist Thomas Downes (2002) remarked: "Act 60 may well have represented the most radical reform of a state's system of public school financing since the post-*Serrano*, post-Proposition 13 changes in California in the late 1970s" (p. 1). Similarly, school finance reform scholar Michael Rebell deemed Act 60 "one of the most radical fiscal equity remedies in the country" (in Picus, 1998, p. 167). Sass' (2007) examination of the bill's fiscal impact led her to conclude that, under Act 60, "...tax rates and educational opportunities were substantially equalized across school districts..." (p. 1).

² A guaranteed yield formula ensures that each local district can function as if it had an equal property tax base per pupil (Odden & Picus, 2008).

³ The upshot of this mechanism was that property-wealthy districts paid more – sometimes significantly more – into the "sharing pool" than they received back through the guaranteed yield.

The legislation's reputation as "a radical fiscal equity remedy" lies primarily in its use of a recapture provision to fund schools above the statewide block grant. Steinman (2005) asserts that direct recapture such as that used in Act 60 is unique:

Act 60 importantly diverges from traditional district power equalization in the financing of the system. While state funds traditionally supplement the tax yields of the low property wealth towns, Act 60 created a sharing pool that directly tapped local property tax revenues from property-rich towns to supplement yields of property-poor towns. The sharing pool's redistribution mechanism directly seized local tax fund dollars from gold towns in addition to providing revenue to property-poor towns, simultaneously increasing the marginal tax price of education in some towns, while reducing the tax rate required for a given level of additional education spending in others. (p. 3)

In Act 60's first year of implementation, property taxes increased in 43 property-wealthy towns known colloquially as "gold towns" ("Robin Hood," 1998). In one of the more extreme cases, Act 60 required the property-wealthy town of Stowe to send seventy cents of every dollar it raised above the block grant to the state sharing pool for redistribution⁴ (Shelly, 2011).

Fowler (1994) notes that "[n]on-incremental education reforms are of considerable theoretical interest because in the American policy process it is not easy to innovate" (p. 335). Dayton and Dupre (2007) argue this is particularly so with the issue of school finance reform because "despite threats from a court, state legislatures will try to avoid unpopular tax increases or school funding recapture provisions that redistribute resources from more affluent school districts to poorer school districts" (p. 490). Instead, Timar (1990) remarks that: "With few exceptions, states have responded to political

⁴ According to Ripley and Franklin (1991), redistribution policies are "intended to manipulate the allocation of wealth, property, political or civil rights, or some other valued item among social classes or racial groups" (p. 21). These policies tend to create highly visible political controversies because the stakes for winners and losers are perceived to be high as valuable assets are transferred from one group to another.

pressure by ‘giving a little something to everybody’” (p. 72). While more politically feasible, this approach tends to reduce the redistributive capacity of reform legislation (Fuhrman, 1978; Nelson, 1997).

Indeed, the search for politically feasible finance mechanisms has produced incremental reforms to state systems of school finance. As Fuhrman (1978) discovered in her review of state legislative responses to school finance court rulings, reform was “much more evolutionary than revolutionary” (p. 162). However, Vermont’s atypical speed and approach to school funding leads one to believe that the policymaking forces operating within Vermont were somewhat more conducive to passing non-incremental school finance reform legislation. As such, Act 60 serves as an interesting case for examining the type of state policy environment that produces legislation with a strong fiscal equity thrust.

Topic and Purpose

This research, grounded in political theory, has two major purposes: 1) to explain a case of non-incremental policy change within the realm of school finance reform; and 2) to test the utility of Mazzoni’s (1991) arena model for explaining state-level school finance policymaking. These goals will be accomplished through an examination of the Vermont state legislature’s policymaking process in response to the Vermont Supreme Court *Brigham v. State* (1997) ruling declaring the state’s system of school finance unconstitutional. This case study analysis will seek to explain how key political actors, taking advantage of favorable reform conditions, utilized power derived from positional authority as well as personal influence to impact the passage of Act 60, an innovative and forcefully redistributive piece of school finance legislation.

Potential Significance

The 1990s witnessed the reemergence of school finance reform as an important education policy matter confronting state legislators. Since 1989, plaintiffs have won legal suits alleging the inequitable or inadequate nature of school funding in 22 states (Hunter, 2011a). The courts' willingness to declare state systems of school finance unconstitutional marks a departure from the 1980s (Vandersall, 1998; Rebell, 2009) and places the burden of conceiving and implementing reform measures squarely upon the shoulders of state legislatures.

Recent literature on the issue of school finance reform largely focuses on matters surrounding this recent spate of court litigation. Three main issues appear to be of particular interest to educational researchers. These include: 1) the role of the judiciary in bringing about reform; 2) the use of "educational adequacy" as a standard by which to judge state systems of school finance; and 3) the ultimate ability of judicial intervention to distribute finances equitably among school districts. In contrast, comparatively little has been written about the political processes involved in devising and enacting school finance legislation following these court-ordered reform mandates (Kirst, 1990; Nelson, 1997). Specifically, this study proposes to extend knowledge in the area of state education policymaking for school finance reform in the following ways:

First, as previously mentioned, Act 60 was an unusual school finance bill in that it redistributed funds generated in property-rich school districts to property-poor school districts through a statewide property tax and a recapture provision. Such redistributive policies are only reluctantly contemplated by state legislatures (Nelson, 1997; Carr & Fuhrman, 1999, Dayton & Dupre, 2007). As McUsic (1999) notes: "The political arena

does not prefer the poor school district and at least in the past 20 years or so has seldom preferred increased education funding over reduced taxes” (p. 89). Yet the funding mechanisms included in Act 60 are just the policy provisions championed by advocates of fiscal equity. Therefore, Vermont’s passage of Act 60 serves as a revelatory case (Yin, 1994) through which we can examine the rare phenomenon of non-incremental policy enactment.

Second, despite the recent reemergence of school finance reform as an important education policy matter confronting state legislatures, very little has been written about the political processes involved in devising and enacting school finance legislation following court-ordered mandates. Yet McUsic (1999) notes that “because it is not the courts but the legislatures that ultimately establish and fund a school financing system, successful school finance litigation under state constitutions is a legislative process as well as a court procedure” (p. 108). This study will help address this gap in the current literature by focusing on the political process of policy formation of school finance legislation in state legislatures in the wake of legal challenges.

Third, what little literature exists on the politics of school finance reform dates largely from the 1970s and early 1980s. However changing economic, demographic, and societal conditions impact policymaking (Carr & Fuhrman, 1999). For example, while school finance reform during the 1970s was frequently conducted in a time of fiscal plenty, recent reforms efforts have been conducted in eras of economic downturns and strong government and anti-tax movements (Carr & Fuhrman, 1999). Such fiscal constraints have limited school finance reformers’ historic reliance on leveling up as a strategy for achieving legislative consensus. In addition, while most court cases in the

1970s turned on a state's equal protection clause, more recent strategies have focused on a state's right to education clause (Hunter, 2011b). As Berke (1976) notes, "legal remedies derive from effective jurisprudential argumentation..." (p. 85). These differing legal standards have impacted the manner in which legislatures dispose of court mandates. Thus, changing sociopolitical conditions and legal rationales create an opportunity to update and extend our understanding of the politics of school finance reform.

And finally, apart from being dated, much writing on the politics of school finance reform is generally atheoretical in nature (Cibulka, 1994; Fowler, 2006). While this literature provides a useful chronology of events and highlights particularly important actors and their influence strategies, it does not seek to explain the policy process. In contrast, the case study being undertaken here seeks to embed findings in an established theoretical framework that has proven its utility in other state education issue areas. In this way, while gaining much needed information concerning the policy processes involved in the passage of school finance reform legislation, this research also will test the general utility of Mazzoni's arena model (Mazzoni, 1991) for explaining state-level policy innovation by extending it to the realm of school finance.

Conceptual Framework and Central Research Questions

This study examines the Vermont state legislature's decisionmaking process surrounding the passage of a non-incremental school finance reform package known as Act 60. This case study explores and analyzes these decision dynamics utilizing a conceptual vantage point that is largely absent in the study of the politics of school finance reform. In its investigation of the use of power in state-level legislative

policymaking, this study seeks to answer two central questions: *How did contextual forces and actor relations interact to bring about a non-incremental school finance reform policy in Vermont?* and *In what ways does Mazzoni's (1991) arena model account for or fail to account for these policy dynamics?*

The theoretical framework used to focus this study is grounded in political theory. In general, political perspectives view policymaking as a means to “regulate social conflict and retain institutional legitimacy” through the “strategic use of power” (Malen & Knapp, 1997, p. 428). The specific framework that is utilized—Mazzoni's (1991) arena model—was developed as a means to combine political theory's two historically dominant approaches to the use of power in policy formation: the social control-systems approach and actor-influence perspective (Gamson, 1968; McDonnell, 2009). To this end, the model allows the user to observe both structural power and strategic power at work in the policy process.

Mazzoni's arena concept is grounded in the systems approach in that it acknowledges the structure that arenas provide to the policymaking process by legitimating a certain set of participants and establishing the institutional and social context of policy formation. In this regard, government institutions structure the rules of the game, define the relevant players and resources, and shape influence strategies. However, within these arenas the mechanisms of pluralistic power-based policy formation operate as political actors representing various interests deploy available resources and strategies in their attempt to influence the policy process. Thus the “pulling and hauling” (Allison & Zelikow, 1999) of politics is mediated by the arena.

This approach to policy research is not novel (see Schattschneider, 1960; Lowi, 1964; Redford, 1969; Chandler, Chandler & Vogel, 1974; Thurber, 1991; Baumgartner & Jones, 2009; Kingdon, 1995). Rather, it was originally based upon an extensive review of political theory literature and has been refined through empirical testing in the state education policymaking arena. In fact, other researchers in education policymaking have found the arena model to be a fruitful heuristic for explaining educational policy innovations at the state level (i.e. Fowler, 1994; Cody, 1994; Freedman & Hughes, 1998). The specific framework to be utilized along with associated research design methods will be discussed in subsequent chapters.

Organization of the Study

The case study is organized into six chapters. This chapter has provided a brief overview of the case study project, including its topic and purpose, possible contributions to theory and research, conceptual framework, and central research questions. Chapter Two offers a review of the relevant literature and elaborates the conceptual framework that guides the study. Chapter Three describes the case study methods utilized, including research design, data sources, and data collection and analysis procedures. Chapter Four presents a review of the policymaking context and issue background. Chapter Five provides a case narrative surrounding the passage of Vermont's Act 60. Chapter Six summarizes the study, presents theoretical insights and offers concluding statements.

CHAPTER TWO

DISCUSSION OF RELATED LITERATURE AND DESCRIPTION OF THE CONCEPTUAL FRAMEWORK

The purpose of this chapter is to describe the literature that guides this case study research. This review encompasses the literature in two central areas: 1) the issue area – the politics of school finance reform; and 2) the theoretical framework – the process of state education policymaking.

Issue Area: The Politics of School Finance Reform

Historically, education has been seen as providing many important contributions both to individuals and to society as a whole. In this regard, psychologists, political scientists, sociologists, and economists have chronicled the positive impact of education upon the quality of life, the transmission of cultural values, and economic development. Because many of these positive educational outcomes are believed to benefit society at large, public expenditure in the education sector has been justified. To this end, the public commitment to education is codified in the constitutions of all 50 states and education spending constitutes the largest portion of each state's annual budget.

However, despite the well-documented benefits of education to society and individuals alike, the distribution of funds earmarked for education remains remarkably unequal (Carey, 2004). For example, throughout the 1990s the state of Vermont's high reliance upon local funding resulted in a considerable disparity in per-pupil spending, ranging from a low of \$2,979 in some districts to a high of \$7,726⁵ in others (Picus, 1998). As McUsic (1999) notes: "This inequity of educational resources would not be so noted (or perhaps so notable) if it were not matched with inequality of educational

⁵ Financial statistics for school year 1995/96.

achievement” (p. 89). Indeed, in places like Vermont, the achievement gains of students in property-rich school districts consistently outstripped those of students in property-poor school districts (Jimerson, 2002).

Vermont’s fiscal disparities during that era reflect the reality of a revenue generation process that was tightly linked to local property taxes and highlight the enduring appeal of local control in the state’s education sector despite its potentially negative impact upon fiscal equity. Indeed, this tension between decentralization and inequity raises questions regarding the proper role of government in resource redistribution (Wong, 2008). Students of the politics of school finance reform understand that broad values such as local control and equity are at stake in the settling of school finance disputes. This section will provide a brief overview of the role of values in education policymaking and more specifically in the politics of school finance reform.

Values Underpinning the Politics of School Finance Reform

According to Bailey et al. (1962), politics is “the fashioning of coalitions of influence in an attempt to determine what values will be authoritatively implemented by government” (p. vii). In education, equity, efficiency, and liberty are commonly perceived to be the fundamental values pursued in the distribution of education resources (Guthrie, Garms & Pierce, 1988). Guthrie, Garms and Pierce (1988) define *equity* in the realm of school finance as *equality of educational opportunity* as it is neither possible nor desirable to educate all students to the same level given differing preferences and abilities. Their definition recognizes that equality of educational opportunity has historically been expressed in terms of assuring equal dollars per student or, alternatively, sufficient money to provide comparable educational experiences. They define *efficiency*

as a desire to obtain adequate education for as little money as possible. Finally, their definition of *liberty* encompasses the idea that local communities have a right to control the education provided to their children.

These goals are derived from principles of liberalism which serve as the basis of the American form of government as developed by the Founding Fathers in the mid-18th century. Guthrie, Garms, and Pierce (1988) note that equity, efficiency, and liberty “are viewed by an overwhelming electoral majority as conditions that government should maximize” (p. 22). As such, public policymakers seeking to distribute educational resources tend to operate within this philosophical framework when making policy decisions.

While equity, efficiency, and liberty are held dear by the American populace, many philosophers and policymakers have observed an inherent tension among these goals that make them difficult, if not impossible, to maximize simultaneously. According to Guthrie, Garms and Pierce (1988), the “equilibrium among the three values constantly shifts, with the balance at any particular point being fixed as a consequence of a complicated series of political and economic compromises” (p. 23). Given that “education is one of the prime instruments through which society attempts to promote all three values” (Guthrie, Garms & Pierce, 1988, p. 23), the value wars are played out fiercely in the education policy arena. With regard to the issue of school finance reform, Firestone, Goertz and Natriello (1997) write:

The design and enactment of reform legislation is a complex task that requires consensus on such philosophical questions as the meaning of equality of educational opportunity, the appropriate balance between the state’s constitutional responsibility for education and local control, how much a good education should cost, and who should pay the bill. (p. 1)

Strong emotions and a sense of urgency about America's future propel citizens to action in support of policies they believe best accord with their answers to these philosophical questions (Margolis & Moses, 1992).

Malen and Knapp (1997) write that "public policies and social values are inextricably and reciprocally linked" (p. 433). For example, school finance reform advocates generally seek to close the spending gap between rich and poor school districts as a means to promote equality of educational opportunity through increased fiscal equity (Shelly, 2011). States working towards this end possess a variety of policy options, including the reallocation of existing tax dollars to poor districts, the levying of additional taxes to be allocated to poor districts, or the curtailment of education spending in high-wealth districts. However, these options do not tend to be politically appealing because they "can awaken dormant conflicts, aggravate existing cleavages, and spark new battles about what constitutes an appropriate course of action or an appropriate distribution and utilization of [resources]" (Malen, 2006, p. 84).

In their efforts to enhance fiscal equity between poor and wealthy school districts, state governments have taken increased responsibility for financing education over the last several decades. Yet funding disparities between wealthy and poor school districts persist as efforts for a more equitable distribution of funds have met with substantial resistance from advocates of local control who claim that state taxing limits and funding plans curb their liberty to finance schools as they see fit (Carr & Fuhrman, 1999; Nelson, 1997; Margolis & Moses, 1992, Shelly, 2011). As Guthrie, Garms and Pierce (1998) comment: "Whether fact or fiction, the doctrine of local control has broad legislative and

popular support. Attempts by legislators to restrict local spending or redistribute local tax dollars among districts have to contend with this doctrine” (p. 208).

Indeed, acting in the name of local control, political and social elites have brought potent resources to bear on elected officials to ensure that their schools remain well funded (Nelson, 1997; Ward, 1998; Reed, 2001). Margolis and Moses (1992) remark that: “Legislative decisions reflect the pressure of local interests, the views of which can only be ignored at the peril of each elected official—especially regarding such a critical issue as school aid” (p. 126). As a result, school finance reform legislation tends to be the product of bargaining and compromise. Alexander and Salmon (1995) write:

An examination of methods used by the states for allocating state funds shows that political compromises have been reached in many states by allocating a part of state funds on a flat grant basis or by guaranteeing a minimum of state funds to wealthy school districts, to secure passage of a state equalizing appropriation. (pp. 265-66)

These compromises, resulting from the need to balance the competing values of equity and liberty, produce incremental legislation that only marginally advances fiscal equity. As a result, equity advocates have returned again and again to the courts to seek remedies against what they view to be unresponsive legislatures (Camp & Thompson, 1988).

The court’s strong agenda setting ability has made school finance reform one of the most salient education issues facing state legislatures today. Legislatures from around the country are currently grappling with how to devise and implement reform measures that not only meet judicial standards but also pass tests of political feasibility. Here, as Reed (2001) notes: “Judicial quests for greater educational opportunity (defined as either adequacy or equity) come into conflict with the political incentives and structures that favor inequality” (p. 66).

Reconciling the interests and values of these groups renders the policymaking process highly dynamic. Within the parameters set forth by the court, pluralistic bargaining occurs where competing interests vie to impact policy decisions. As such, school finance reform is as much a political process as it is a legal process where, in the end, legislative outputs turn on negotiation, compromise, and the skillful use of political power.

Mazzoni (1993) writes that “examining the political genesis of policy innovation provides an illuminating prism for understanding basic conflicts of interest and ideology, and their related power dynamics in a polity” (p. 359). This section has detailed the values that undergird the political debate surrounding school finance reform to help explain why the push for equity has been such a political struggle. The following two sections describe the policy arena in which this values debate takes place to further contextualize the politics surrounding the passage of school finance reform legislation.

The Politics of State Education Policymaking

The politics of school finance reform exists within the broader realm of the politics of state education policymaking and, at times, has been studied in this vein. This section will review this more generalized politics of state education policymaking literature to provide a broad historical backdrop concerning how educational politics at the state level has evolved over the course of the last several decades. The literature surrounding the more focused topic of the politics of school finance reform is nested within this broader literature and will be described in a subsequent section in an effort to highlight those actors, goals, resources, and strategies most relevant to this particular sphere of state education policymaking.

Although political analysis is among one of the oldest social science disciplines, the formal study of the politics of education is a relatively recent phenomenon dating back only to the early 1960s (Mitchell, 1990). Before this time, political scientists shied away from the study of education policymaking due to a longstanding presumption that the education arena should be shielded from the corrupting world of politics (Wirt & Kirst, 1989). In 1959, political scientist Thomas Eliot, noting a dearth of scholarly inquiry in the field, issued a call for expanded research into the politics of education. While acknowledging that speaking of the politics of education may seem “abhorrent to educators,” he noted that public schools were, indeed, part of government and, as such, served as a “fit subject for study by political scientists” (Eliot, 1959, p. 1035). This call for expanded inquiry coincided with the beginning of a period of increased upheaval in the education arena that helped to unmask the myth of education as an apolitical enterprise. Mitchell (1990) cites the rise of the cold war, desegregation, and increased teacher militancy as key events bringing to an end “the urban reform, progressive education, scientific management anti-political consensus that had dominated education policymaking for half a century” (p. 156). Taken together, these events spurred researchers’ interest in education policymaking as a political pursuit and “invited power and influence into the vocabulary of educational governance” (Geary, 1992, p. 34).

The Early Years: Collaboration and Compromise

The first major treatment of the politics of state-level education policy was published just three years after Eliot’s essay first appeared. This comparative study, entitled *Schoolmen and Politics*, by Bailey, Frost, Marsh and Wood (1962) examined the politics of state school aid in eight Northeastern states and was built around the

proposition that state education appropriations are determined politically. As such, it focused on the legislative process through which state education funds are authorized.

Bailey et al. identified four groups of pro-school interests generally responsible for promoting increased state funding for public education: education academics or “scribblers;” officials in state government concerned with educational issues; professional educators; and “surprise” actors whose goals may, at times, coincide with more traditional education interest groups. These “schoolmen” sought collaboration and cooperation through a variety of strategies including grassroots organizing, coalition building, and legislative lobbying. Bailey’s work highlighted the role of cohesion among “schoolmen” in achieving policy goals. When united, they formed a powerful alliance brokering in the expertise and information needed by legislators to make informed policy choices. However, their efforts could at times be thwarted by countervailing forces termed “depressants.” These depressants, including tax-minded business people, rural interest groups, and conservative politicians, sought to counter efforts to increase state aid to schools.

Masters, Salisbury, and Eliot’s (1964) study of education decisionmaking in Missouri, Illinois, and Michigan also reinforced the importance of cohesion in the policy process during this era. In both Missouri and Illinois educational interest groups were highly unified and, therefore, quite influential. This unity allowed them to integrate themselves into the overarching political power structure. Prizing predictability and incremental change over radical reform, they avoided conflicts that might open the “scope of conflict”⁶ and activate opposition groups. By not overstepping their reach,

⁶ Schattschneider, 1960.

these groups kept decisionmaking within the education policy subsystem where their influence upon the legislative process was more assured.

However, in a portent of things to come, Masters, Salisbury and Eliot discovered that the policymaking process in Michigan was radically different. The education lobby, fractured by clashes between teachers and administrators and rural and urban interests, was only nominally effective. As a result, the governor and key legislators stepped in to fill the power vacuum left by these divided forces. Thus, with the waning influence of outside groups, decisions were left to “the sovereign authority of inside groups” (Geary, 1992, p. 37).

Tumultuous Changes of the 1960s and 1970s

Based on the research conducted by Bailey et al. and Masters et al., Laurence Iannaccone (1967) developed a typology of four educational policymaking patterns linking educational interest groups with their legislative counterparts. Writing in the late 1960s during a time of education upheaval, Iannaccone’s typology of differing relationships between interest groups and legislatures acknowledged that the strong alliance that once existed between legislators and the education lobby was no longer normative. Iannaccone’s first policymaking pattern was labeled the *locally-based disparate* pattern in which local groups, lacking statewide organization, lobby their local representatives. Lacking unity, education interests were hindered by the forces of localism. He termed his second pattern the *statewide monolithic structure*. In the statewide monolithic pattern, statewide education coalitions have formed a consensus on goals and strategies that allows them to speak to policymakers with a strong and unified voice. The third organizational pattern described by Iannaccone was the *statewide*

fragmented structure where fractured state educational organizations, having failed to reach agreement on key goals, press their competing interests on the legislature with mixed success. The final pattern, known as the *statewide syndical organization*, describes a situation where education interests have become institutionalized in a governmental body that seeks to resolve group differences before presenting them to the legislature. Commenting on Iannaccone's classification structure, Burlingame and Geske (1979) note: "The nature of each linkage type and the role of its corresponding interaction between the educational leaders and their legislative contacts significantly determine the ability of the education lobby to influence legislation" (p. 52).

In 1969, Usdan, Minar and Hurwitz examined the influence of groups representing elementary-secondary education and higher education in 12 states and again highlighted the connection between cohesion and power. In their study, they noted that at the K-12 level new environmental forces such as increased teacher militancy and public criticism of education placed a strain on the cohesion of education coalition members. This strain, in turn, produced disorganization and loosened the education lobby's traditional grip on the reins of power. Conversely, at the same time, an increasingly unified higher education lobby was reaping the benefit of cohesion in the form of increased state appropriations.

In 1973, Milstein and Jennings performed an in-depth examination of the politics of education in the state of New York. The study identified four key groups active in policymaking: the governor, the state department of education, education interest groups, and the legislature. Like other researchers during the period, Milstein and Jennings noted that the relationships among those actors involved in the education subsystem were undergoing changes. Cooperation was being replaced by tension and competition among

interest groups as the teacher-administrator relationship fractured under the stress of collective bargaining demands. At the same time, the increased ability of state legislatures to collect and interpret data was liberating legislators from their dependence upon the state department of education and education interest groups for information. The authors presciently predicted that fallout from these changes would be an increased role for the governor and legislature in state education policymaking.

As Milstein and Jennings had predicted, Campbell and Mazzoni's (1976) examination of state education politics in 12 states found that throughout the early years of the 1970s governors were increasingly influential in matters of education policy. However, Campbell and Mazzoni found that these governors were more interested in setting the education agenda than in formulating actual policy proposals. Conversely, state boards of education and chief state school officers yielded comparatively less influence than they had in previous decades. With regard to education interest groups, the study characterized the education arena as an "open system" with multiple access points for exerting influence on policy outcomes. This "openness" was viewed as the result of the increasingly fragmented education policy sector and marked a significant departure from earlier decades when education policymaking was perceived as a predominately closed alliance between the education lobby and its state bureaucratic counterparts. Despite this heightened internal discord, Campbell and Mazzoni found that the education lobby remained an influential presence in the state policymaking process due to its impressive array of resources. Importantly, Campbell and Mazzoni's conclusions directly challenge previous studies' findings that tied influence ability to cohesion. Among education interest groups, legislators found teacher organizations to be the most

influential pressure group. This influence was derived from their large membership rolls, money caches, and willingness to exert overt political power through campaign activity and financial contributions.

Five years after the release of Campbell and Mazzoni's report, Rosenthal and Fuhrman's (1981⁷) State Legislative Education Leadership Study sought to focus on the state legislature's role in education policymaking. This narrow focus was justified due to the increased role of state legislators in the policymaking process resulting from the increasingly divided education community. The study discovered that education policy leaders in state legislatures tended to be experienced, senior, and focused disproportionately on fiscal matters. As such, they were more likely to sit on appropriations, finance and ways and means committees. In terms of external linkages, legislators relied upon the state department of education for raw data and teacher associations and executive branch budget staffers for networking contacts. Increasingly, legislators turned to interstate organizations such as the National Council of State Legislatures and the Education Commission of the States for information and networking purposes.

The 1980s and 1990s: Rise of Outside Interest Groups

While Rosenthal and Fuhrman (1981) concentrated on the role of the state legislature in policy formation, other studies sought to reveal the rising influence of interest groups outside the traditional education lobby. Malen's (1983) longitudinal analysis of the enactment of tuition tax concessions in Minnesota demonstrated how a sustained focus on a single issue enabled a coalition of parochial school interests to

⁷ While Rosenthal and Fuhrman published their work in 1981, its contents reflected research conducted in the 1970s.

overpower established education interests to secure tax concessions for parents who sent their children to private schools. Also in Minnesota, Mazzoni and Clugston (1987) studied the role of business groups in bringing about education reform during the 1985 legislative session. They found that although big business emerged from the session as a recognized policy actor, its influence was dependent upon the backing of key politicians and constrained by the countervailing forces of an entrenched education lobby that commands “a de facto veto over proposals for major change” (p. 322).

Seeking to explore the theoretical underpinnings of the politics of state education policymaking, Geary (1992) utilized a political bargaining model to explain special education funding in the state of Utah. Geary argued that the open and pluralistic process leading to the passage of special education legislation in Utah supported the bargaining model’s notion that policymaking is the product of “compromise, conflict, and confusion” (Allison, 1971, p. 162 in Geary, 1992, p. 401). Like Malen (1983), Geary found that a single-issue interest group could be a critical actor in the policymaking process. However, this influence may be contingent upon: 1) issue salience; 2) dependable resources; 3) early intervention; 4) the will to sustain influence effort; 5) alignment with key actors in the policy process; 6) a supportive political context; and 7) fiscally feasible proposals.

Over the last several decades, the state of Minnesota has served as a focal point for the study of state education policymaking. Here, a number of studies have been conducted on a wide variety of educational issues. In 1993, Mazzoni reviewed 24 Minnesota case studies conducted over a 20-year period to distill lessons learned. Mazzoni’s review largely reinforces the findings of prior scholars with regard to the

changing nature of the politics of state education policymaking. It highlights the role of legislators, particularly those on education and finance committees, as policy innovators; demonstrates the powerful, yet episodic, role of governors in policymaking; chronicles the decline in relative power of the traditional education lobby; and charts the explosion of interest groups attempting to influence education policy. His overall conclusion is that "...Minnesota's state education policy system has steadily become more pluralistic, politicized, and bureaucratized..." (p. 372).

In 1994, Mazzone turned his eye to the national scene with his appraisal of the state education reform movement that took hold across the United States in the early 1980s. As with his work in Minnesota, Mazzone chronicled the increase in pluralistic state-level policy activity during the period and credited enhanced legislative capacity, economic prosperity, heightened competition to attract and retain economic resources, and judicial intervention as enabling and energizing forces. In terms of notable trends, Mazzone highlights gubernatorial activism, the involvement of big business in education policymaking, and the rising influence of national organizations such as the National Council of State Legislators and the National Governors Association through their policy proposals and networking opportunities. However, despite the changing dynamic brought by new policy actors, Mazzone found that legislators and traditional education interest groups still "...exercised preponderant influence over most issues and over most stages of policymaking" (p. 68).

In summary, this 40-year examination of state education politics charts a rapidly changing policymaking terrain. Where the education policymaking arena was once the primary if not sole purview of the department of education and teacher and administrator

organizations, it is now open to a wide array of interest groups including a multiplicity of single-issue groups and big business. In large part due to the fracturing of the education lobby, policymaking has become increasingly centralized at the state level where governors and legislators dominate efforts to develop and adopt policy initiatives. Yet, despite this fracturing, the traditional education lobby still remains among the strongest in the state capitol when it comes to education policymaking. Centralized policymaking is also the result of demands for wide-scale education reform in the post-*A Nation at Risk* era. The issue's saliency has attracted the attention of previously inattentive governors and state legislators who have highlighted education reform as part of their political agendas. The process of education policymaking has proven to be highly contextual, varying from state to state depending on its particular history, political culture, formal structures, and operating procedures. However, across the nation, resources such as money, data/information, persistence, membership numbers, and media attention are found to be consistently effective in influencing policy outcomes at the state level.

The Politics of School Finance Reform

While a fair amount of scholarly attention has been paid to matters surrounding the politics of state education policymaking over the last several decades, research concerning the more focused topic of the politics of school finance reform is not as plentiful. The literature that does exist generally confirms many of the conclusions of the state education policymaking research. In fact, school finance as an issue area was featured prominently in three of the state education policymaking studies mentioned in the previous section (see Bailey et al., 1962; Milstein & Jennings, 1973; and Campbell &

Mazzoni, 1976). Yet, because school finance reform creates unique political fault lines, it warrants its own in-depth examination.

The bulk of the research into the politics of school finance reform dates from the 10-year period between 1975 and 1985. During this period, school finance reform rose to the top of the political agenda as a result of a wave of court rulings declaring many state systems of school finance to be unconstitutional. In recent years, however, despite renewed political interest in matters of school finance reform, there has not been a commensurate increase in the level of scholarly attention paid to the issue. Characterizing the literature as dated, sporadic, and atheoretical in nature, Kirst (1990) notes: “The politics of school finance has not been a field with a sustained research base or a committed group of scholars. The research is topical and short-lived” (pp. 23-24). Despite these shortcomings, this section will review inquiry into the politics of school finance reform to help identify key actors, along with their goals, resources, and strategies, to understand how they attempt to influence the policymaking process in this political arena.

The literature supports six observations regarding the politics of school finance reform. First, reflecting a larger trend in state education policymaking, policymaking for school finance reform over the last several decades has been pushed out of the micro arena and into the macro arena. As court rulings have raised the issue of school funding up the policy agenda, governors and legislative leaders have increasingly wrested control of the finance issue from once-cozy state education interests. This transition from the micro to the macro arena has made policymaking more unpredictable, more vulnerable to

environmental forces, and more dependent upon the skill of individual policymakers to forge winning coalitions.

Campbell's (1979) examination of the political turbulence in New Jersey following the *Robinson* (1973) decision holds the state out as emblematic of the growing strife surrounding school finance decisionmaking. He suggests that this unrest was the result of a shift from a closed decisionmaking setting to a more open one in which a larger number of policy actors pursued their own specific interests. This opening, he argues, constrained policymaking by creating larger amounts of environmental stress in the decision arena as groups vied to pass legislation that served their own narrow interests. As a result, policymaking became more unpredictable, more vulnerable to larger environmental forces, and more dependent upon the skill of policymakers to forge coalitions among competing parties.

Writing during the 1990s, Carr and Fuhrman (1999) examined political responses to court mandates in Texas, New Jersey, Alabama, and Kentucky. In their work they note that state legislatures grappled with a national anti-tax, anti-government sentiment that restrained their ability to raise the revenue needed to satisfy court rulings. At a time when public attention was turned to non-governmental education initiatives such as vouchers, school choice, charter schools, and private management contracts, legislatures were being asked to dedicate more state funding to education. This erosion of public will for continuing traditional school finance reform measures hindered consensus on alternative school finance strategies. Limited fiscal revenues served to sharpen dissent among education interest groups because school finance reform was increasingly seen as a "zero sum game" with clear winners and losers. The issue of race also served to heighten

dissent among competing interests. The authors note that white majorities in Alabama, New Jersey and Texas refused to approve tax increases and resource redistribution schemes that disproportionately benefited minority students. However, despite these political, social, and economic challenges, meaningful school finance reform has been accomplished in some states. Carr and Fuhrman point to the role of “...successful litigation, strong political leadership, and extensive public education efforts...” in passing reform legislation (p. 166).

Second, the literature on school finance reform highlights a process that is dependent upon a variety of enabling social, political, and economic environmental forces for change. These factors include: 1) a court ruling mandating changes in the state aid structure; 2) popular resentment aimed at an issue that can be linked to school finance reform such as property tax rates or education quality; 3) a political transition (i.e. shift from Republican to Democratic power); 4) national reform networks providing training and expertise; and 5) fiscal surpluses. These environmental forces create a “window of opportunity” (Kingdon, 1995) that can be used by policy actors to implement reform measures.

Geske’s (1976) examination of the legislative decisionmaking process that led to the passage of Wisconsin’s revised school aid formula in 1973 found four key environmental pressures that built momentum for reform. These key environmental inputs included: 1) demand for property tax relief; 2) school finance court cases prevalent throughout the country at the time; 3) the state’s revenue windfall; and 4) new Democratic control of the governor’s office and the state assembly. Geske concludes that these environmental factors strongly contributed to the passage of a school finance

reform measure in Wisconsin by creating an atmosphere that made reform a particularly attractive option for the state.

Reviewing the process of school finance reform in Minnesota, Michigan, Ohio and Wisconsin, Siegel (1976) also found that reform was the product of extraordinary economic, judicial, and analytic pressure that was brought to bear on the political system. In particular, a push for property tax relief figured prominently in the call for school finance reform.

Fuhrman's (1978) synthesis of multiple case studies conducted throughout the first half of the 1970s revealed that a number of important factors external to the ordinary state education decisionmaking process were also seen as crucial to facilitating reform. These factors included the rise of a national network of reform-oriented groups highlighting the issue and providing technical knowledge, court rulings (or the threat of rulings) mandating legislative reform, popular dissatisfaction with local property tax schemes, and financial surpluses that made reform more politically palatable. Fuhrman concludes that when combined with political compromise, leadership, and expertise, these fortuitous factors produce an environment conducive to meaningful school finance reform.

Lehne's (1978) case study of the New Jersey legislature's protracted response to a 1973 New Jersey Supreme Court ruling declaring the state's educational funding system unconstitutional highlights the important role of the courts as agenda setters in the school finance policymaking process. In this regard, courts have the capacity to shape both the nature of the issue as well as the features of the remedy. Lehne found that despite the unfavorable political timing of the court decision, the persistent nature of judicial rulings,

coupled with hardball tactics by the New Jersey Supreme Court justices, eventually compelled the passage of reform measures by the legislature. Lehne concludes that the *Robinson* (1973) decision made the issue of school finance reform “persistent, ambiguous, immediate, visible, legitimate, and intrusive” (p. 207) and notes that legislative outcomes were the combined product of judicial agenda setting and existing political and social conditions in New Jersey at the time of the ruling.

Berke et al. (1984), too, observed that court rulings served as a key “precipitating event” that heightened the saliency of the school finance issue in state policymaking circles. While precipitating events help to break the logjam of legislative inactivity, Berke et al. (1984) also argue that to be successful the state should have some tradition of reform that can be built upon such as an equalization formula already in place or the policy proposals of a study commission because policymakers require “technology, familiarity, and/or time to bolster confidence that a new system is feasible” (p. 64).

Third, the school finance reform literature suggests that the push for reform within the school finance reform policy arena is driven largely by governors and legislative leaders who are able to take advantage of their positional authority and personal influence to build the coalitions necessary to pass school finance bills. For example, Siegel’s (1976) study of school finance reform in the Midwest revealed that a major factor “in translating pressure for change into actual pieces of legislation” was the governor (p. 232). Key strategies for passing governor-sponsored reform measures included: 1) making education reform a key component of election campaigns; 2) appointing task forces composed of a wide array of special interests to promote compromise initiatives; 3) including reform measures in annual budgets to “enlarge the

negotiating arena” by presenting opportunities for funding tradeoffs and bargaining leverage; and 4) linking school finance reform with property tax relief through the infusion of increased state aid to schools. In terms of resources, governors relied upon easy access to media outlets and the extensive information and research capacities of education staffers to help shape and define the issue.

Fuhrman’s (1978) multiple case study review also demonstrated that reform legislation was highly dependent upon the political leadership of those governors and key legislators who were both willing to use political muscle to forge compromises among competing interests and capable of navigating the legislative process. Reform legislation was also more common among those states with a history of reform efforts, in part because momentum built by these efforts over time made reform “much more evolutionary than revolutionary” (p. 162).

Berke et al. (1984) also highlight a “the role of an active and informed political leadership” (p. 60). Their study revealed that in each state where meaningful change occurred, political leaders such as the governor or legislative committee chairs seized upon school finance reform as their central issue. These leaders took the time to develop policy proposals, form coalitions, and shepherd bills through the legislature. Key to their success was the able assistance of education staff members who reviewed background materials, evaluated finance data, and developed policy options.

Finally, Carr & Fuhrman’s (1999) work noted that while rulings in favor of plaintiffs can act as a catalyst for reform by opening what Kingdon (1995) would term a “window of opportunity,” without the political leadership from the governor or key legislators successful litigation, alone, does not guarantee reform. They found that these

leadership efforts must be accompanied by a public education campaign that clearly articulates the benefits of school finance reform to the public as a whole. As the authors note:

Because the arguments in favor of school finance reform are complex and usually contentious, while those opposing reform are fairly simple and often have more widespread appeal, extensive and prolonged efforts to educate the public and create a community of interest for reform are essential. These efforts are necessary both in building consensus around the need for reform and in garnering support for specific reform bills. (p. 167)

Fourth, other important policymakers active in the politics of school finance reform include representatives from outside the traditional education lobby such as taxpayer organizations, business interests, and urban and municipal groups. Support from these organizations helps to bring potentially reluctant legislators, such as those from property-rich districts, into the reform coalition. However, the change resulting from these bills tends to be incremental in nature because coalition building: 1) spreads available resources out among a variety of parties; and 2) stymies radical reform propositions such as redistribution of funds from property-rich to property-poor school districts. As a result, the potential redistributive capacity of state funds is largely diluted.

According to Fuhrman (1978) because “the legislature is a traditional arena for give-and-take, negotiation, and compromise” (p. 160), school finance reform legislation was most likely to pass when it was included as part of a larger package of measures. This strategy not only allowed for bargaining but also for side payments to other interests to garner their support. However, Fuhrman concludes that this type of legislative complexity is a “double-edged sword” because, while it increases the likelihood of the bill’s passage, it also entrenches interests and dilutes the redistributive capacity of state

dollars in that it weakens the ability of policies to direct funds from wealthy localities to poor districts.

Fuhrman et al. (1979) followed state legislative action regarding school finance reform in seven states throughout the 1970s, including Maine, Florida, New Mexico, Oregon, California, Missouri and South Carolina. The authors describe the politics of school finance as a prime example of coalition politics. Because state aid to schools affects citizens throughout the state, it may be necessary to ally a variety of disparate interests in order to fashion a winning coalition. These coalitions are built by offering favors and promises in return for support. Coalition fashioning necessitates the participation of political elites such as governors and key legislative members because they are the political actors in the best position to authoritatively apportion available resources such as money and support on legislative action.

Task forces, generally appointed by governors, were a particularly successful strategy for bringing these disparate interests together to hammer out palatable compromises away from the glare of the legislative floor. With agreements obtained beforehand, legislative sponsors could be sure that they were bringing bills with numerous backers to the attention of the full House and Senate. The reform strategy most frequently included in these bills was one that proposed “leveling up” low spending districts through the allocation of additional state funding while satisfying high spending districts by allowing them to continue spending at their current level or adding funds through categorical allocations. Furman et al. (1979) characterized leveling up as “...the politics of mollifying the ‘haves’ while aiding the ‘have nots’” (p. 82). This strategy was

available to states throughout the 1970s thanks to record fiscal surpluses brought about by strong economic growth and federal revenue sharing.

Conversely, Elmore and McLaughlin's (1982) detailed portrait of the California legislature's protracted response to the California Supreme Court's influential ruling in *Serrano v. Priest* (1973) highlights what happens when a reform coalition cannot be secured. This in-depth case study examined the linkages between judicial rulings and legislative output and concluded that the courts serve as only limited agents of reform without a mobilized constituency willing to carry the banner of reform in the political arena. They note: "The *Serrano I* decision did not significantly increase political support for reform; it simply secured a place for school finance reform on the agenda to be debated by a stubborn governor and a fractious legislature" (p. 78). The fact that most California legislators possessed schools in their districts that would be both helped and harmed by reform measures served to neutralize key legislative support for change. This lack of a viable political coalition was detrimental to the ability of reform advocates to secure meaningful change in California's system of school finance. Echoing the coalition strategies outlined by Fuhrman et al. (1979), Elmore and McLaughlin comment that "...ultimately education finance reform was less a matter of framing technically correct solutions than it was of building a politically feasible solution that would bind together a broad coalition of education interests" (p. 133).

Fifth, largely absent from the school finance reform discussion are representatives from state education interests. Frequently, these groups are paralyzed by an issue that pits one group member against another. Siegel's (1976) research noted that the increased involvement of the governor in policy formation had consequences for other education

sector policy actors. With more state aid flowing to schools, governors sought greater control over how this money was to be spent. As a result, traditional actors such as the state department of education, the state superintendent, and the state board of education saw their influence wane. Similarly, the state education lobby comprised of teacher and administrator groups, already hobbled by internal strife, proved only nominally capable of influencing policy outcomes.

Fuhrman et al. (1979) also discovered the participation of traditional education interests such as the state department of education and educator's groups was notably absent in the states studied here. Apart from the fracturing caused by unionization and accountability, these groups were also paralyzed by an issue that further divided their membership into wealthy versus poor and rural versus urban factions. The authors note that traditional interests played an active part in developing school finance reform measures in just two of the seven states studied. A broad array of nontraditional policy actors filled the void left by the traditional education interest groups. In particular, taxpayer organizations, business groups, and urban and minority groups played important roles in shaping reform measures.

Sixth and last, because the cause of school finance reform, by itself, is generally not popular enough to gain widespread legislative support, the literature highlights several strategies used by political leaders and school finance reform advocates to build winning coalitions. These include: "leveling up" property-poor school districts with additional state funds; the use of side payments to potential allies to build support for reform measures; introducing reform measures into the general budget (as opposed to a stand alone bill) to widen the scope of the negotiating area; and linking reform with other,

more popular, measures such as property tax relief or educational accountability proposals.

Fuhrman (1978) found that a key strategy utilized by proponents of reform in the states she studied was the process of leveling up property-poor school districts to at least average state spending levels through the provision of additional state aid while holding property-rich school districts harmless. Thanks to the plentiful fiscal surpluses of the early 1970s, most states were able to avoid the more politically explosive path of redistribution of funds from rich school districts to poor school districts.

Elmore & McLaughlin's (1982) study of school finance reform in the wake of the *Serrano* decision demonstrated that Californian's resistance to reform produced a series of legislative measures that tinkered with the existing system largely through leveling up poor school districts and offering side payments of additional categorical funding to powerful urban interests. In this regard, the legislature, working in concert with a series of reluctant governors, was able to nominally satisfy the requirements of the court without completely upsetting the existing balance of political power in the state.

According to Berke and his colleagues (1984), successful school finance reform legislation was the result of "creative compromise" that balanced the twin goals of fiscal equity and political feasibility (p. 61). These compromises were necessary to gain the support of influential allies. Important strategies in building compromise agreements included leveling up low-spending districts (rather than leveling down high-spending districts), side payments to rural and urban interests, policies that phased in funding mechanisms over time to lessen their initial impact, and linking school aid to property tax reform.

Odden and Wholstetter's (1992) study of school finance reform agenda setting noted that throughout the 1970s, court rulings, property tax revolts, excess state revenues, and the emergence of a national school finance reform policy network served as important "triggering mechanisms" that helped the issue of school finance reform to rise up the political agenda. Political leaders and blue ribbon commission members sought to link school finance reform with property tax reform as a way to broaden the coalition of actors interested in reform. Agreements were secured through the liberal use of side payments such as compensatory funding to urban interests, transportation funding to rural areas, special education funding to suburban schools, property tax relief, and tax and spending limitations.

According to Odden and Wholstetter, agenda setting for school finance reform in the 1980s reflected many of the same themes found in the 1970s. For instance, the courts still served as an important triggering mechanism, with key rulings in Texas, Kentucky, and Montana. Also, political leaders (governors in particular) continued to push for reform and blue ribbon commissions still served as a locus of policy formation. However, new triggering mechanisms and policy initiators entered the picture. New triggering mechanisms included: 1) the release of *A Nation at Risk* which chronicled the decline of the American education system; and 2) persistent economic stagnation which was blamed on the lack of a well-educated work force. In response to these triggering mechanisms, business leaders joined political leaders in pushing for education reform. As was the case in the 1970s, school aid was linked with another issue to build a winning reform coalition. In this case, money for education was linked to improved school performance.

In conclusion, a review of the literature on the politics of school finance reform reveals a policymaking process that operates in a largely pluralistic environment that is dependent on the ability of policy actors to skillfully deploy resources to achieve politically feasible compromises among a wide variety of policy actors. Over time, the circumstances that prompt consideration of school finance reform measures have changed in response to external environmental factors. Yet, the key ingredients of policy formation have remained largely constant.

Theoretical Framework: The Process of State Education Policymaking

While the literature on the politics of school finance reform just described highlights key actors, their goals, resources, and influence strategies, it generally does not seek to explain the workings of the policy process itself. There remains a stark absence of theory-driven research about the political processes by which school finance reform decisions are made. This absence highlights both a gap and an opportunity to develop tentative ideas concerning the process of state education policymaking using an established theoretical framework. The next several sections describe the utility of policymaking frameworks in general and, more specifically, explain why the Mazzoni arena model has been selected as an appropriate theoretical framework for this study.

Classic Conceptions of Policymaking Frameworks: Criteria for Selecting a Framework

Within the realm of political science, scholars generally agree that educational policymaking such as that described above turns on power. In their seminal work, *Power and Society*, Lasswell and Kaplan (1950) write “political science, as an empirical discipline, is the study of the shaping and sharing of power” (p. xiv). An essential question that this study seeks to answer is: How is power wielded in state-level legislative

policymaking vis a vis the issue of school finance reform? A policymaking framework helps to answer this question by structuring our understanding of how power is used in political decisionmaking.

A review of classic political theory literature reveals two general schools of thought with regard to the use of power in politics: the actor-influence perspective and the social control perspective (Gamson, 1968; Moss Kanter, 1972; Geary 1992). According to Harold Lasswell's (1936) classic treatise, the study of politics helps to answer the question "who gets what, when, and how." Lasswell's analysis is grounded in the actor-influence perspective which highlights the distribution of scarce resources among competing factions and emphasizes the conflict that is so frequently engendered by the process of resource distribution (Bolman & Deal, 1993). These competing groups and individuals wield influence through the strategic deployment of their power resources in an effort to impact policy outcomes. Thus power is "decentralized, fluid, and situational" (Lowi, 1964, p. 679). The actor-influence perspective primarily concerns itself with analyzing the interaction of actors within a system rather than the impact of the system upon individuals and groups. It views discontent among a system's actors as an opportunity for political gain or loss rather than as a problem of social control (Gamson, 1968). Policy analysis heuristics which belong to the actor-influence camp include: symbolic interactionism (Moss Kanter, 1972), group theory (Truman, 1951), and political bargaining theory (Allison, 1971; Allison & Zelikow, 1999).

The social control perspective provides an alternative approach to the study of power in politics. The focal point of this perspective is the political system itself, rather than the individual actors within the system. As such, systems models are able to "capture

features of the larger cultural and socioeconomic environment which shape what enters the political system” (Cibulka, 1994, p. 114). According to David Easton (1965), the major function of the political system is the “authoritative allocation of values for a society” (p. 50). In this approach, demands and supports are inputted into the system and translated into outputs in the form of decisions and actions (Easton, 1965). This approach to policymaking seeks to understand the ability of a system to utilize its power resources as the means by which to regulate conflict and reach societal goals (Gamson, 1968; Easton, 1965; Bolman & Deal, 1993). Policy frameworks centered on the social control approach to the deployment of power include: structural-functionalism (Almond & Coleman, 1960); systems analysis (Easton, 1965); rational choice theory (Allison & Zelikow, 1999; Dye, 1978); and incrementalism (Lindbloom, 1959).

Like all analytic frameworks, heuristics grounded in either perspective highlight certain aspects of a policy case while overlooking others. The influence approach’s focus on strategic power is frequently faulted for overemphasizing the ability of individual actors or subgroups to influence the decisionmaking process (Moss Kanter, 1972) and for ignoring the important role that institutions play in shaping politics (Lowi, 1964; March & Olsen, 1984). Alternatively, the social control perspective’s focus on structural power is cited for denying human agency by overemphasizing the effect of structural limits on decisionmaking (Moss Kanter, 1972; Campbell & Mazzoni, 1976), for assuming a straightforward relationship between status and power (Lowi, 1964), and for overlooking the “passion and pandemonium” of the political process (Geary, 1992). Additionally, it is criticized for not offering the analyst the opportunity to peer inside the system’s “black

box” so as to understand the process by which demands and supports are converted into policy decisions (Campbell & Mazzoni, 1976; Dye, 1978).

In short, some frameworks turn our attention to the power that emanates from institutional authority while other frameworks search for expressions of power within human interactions. Concerning these approaches, Gamson (1968) writes: “These two disparate perspectives... are concerned with the same relationship although they ask different questions about it. This fact gives them a natural unity – each a partial view but together they form a whole” (p. 18). Thus, the analyst’s challenge is to discover a framework that allows for the integration of both perspectives; one that focuses on actor roles and relationships yet is also sensitive to the impact of institutional and environmental forces upon human interactions. For as Eliot (1959) notes, “although political power is centered in groups and individuals, its effectiveness and use are shaped by institutions” (p. 1046).

State Education Policymaking Frameworks

Over the last several decades, policy scholars have responded to this challenge with a variety of models seeking to fuse the strengths of both the social control and actor-influence approaches. In the area of state education policymaking, Campbell and Mazzoni (1976) sought to combine aspects from both traditions to develop a theoretical framework on the use of power in politics. Influenced by the works of Easton (1965) and Allison (1971), their model highlights the primacy of human interaction, while at the same time situates this interaction within a structural system. They describe this approach in the following manner:

Education policymaking was assumed to be a competitive process, the dynamic of which resides in the interplay of influence. The explanation for

policy decisions, based on this perspective, comes from revealing patterns of accommodation among competing actors who differ greatly as to resources, intention, and skill. These patterns are organized through a governmental structure as well as being channeled and constrained by other systematic features. (p. 13)

From the systems, or social control perspective, Campbell and Mazzoni incorporated the concepts of policy decisions, system actors, and functional relationships. From the allocative or actor-influence perspective they incorporated the concepts of power, influence, and resources. In this respect, Campbell and Mazzoni see power as a function of institutional structure as well as the individuals and groups operating within those structures.

Over the years, this integrative approach to political theory building has been tested and found to be useful in a number of educational issue domains, including school choice (Malen, 1983), special education (Geary, 1992), and higher education (de Give, 1995). However, its reliance upon a linear approach to policymaking defined by functional stages, including issue definition, proposal formulation, support mobilization, and decision enactment (Mazzoni & Campbell, 1976) has been critiqued (Kingdon, 1995; Cibulka, 1994; Sabatier, 1991). For example, while Kingdon (1995) acknowledges that policymaking is, indeed, comprised of stages, he believes that they “do not necessarily follow one another through time in any regular pattern” (p. 78). Noting these shortcomings, policy scholars are now advocating for the use of policy frameworks that seek to overcome the artificiality of distinct, linear stages. Sabatier (1991) writes:

Political scientists and policy scholars share a common interest in developing better theories of the policy process than the stages heuristic. Such theories should integrate many of the contributions of policy scholars with political scientists’ traditional focus on the preferences, interests, and resources of various actors, institutional rules, and background socioeconomic conditions. (p. 149)

Within the realm of state education policymaking, Mazzoni (1991) has confronted this issue with the development of his arena model. The arena concept is grounded in the systems approach because each decisionmaking arena legitimates a certain set of participants and establishes the institutional and social context of policy formation. This model acknowledges that governance structures not only impact the rules of the game but also the relevant players, the relative value of their resources, and their strategies for wielding influence. As a result, policymaking shifts to different government arenas can lead to starkly different policy outcomes. Mazzoni (1991) notes: “Moving an issue to a new arena can change the key actors, relevant resources, incentives for action, influence relationships, and governing rules—and hence winners and losers—in policy struggles” (p. 117).

In a nod to the concerns of actor-influence approach, the model acknowledges that it is up to political strategists to determine which arena is most likely to provide the most favorable outcome given available resources and strategies. This critical dimension of political strategy is referred to as “venue shopping” (Baumgartner & Jones, 2009). In the arena model, policy development does not move through the political system in a linear fashion, but, rather, is subject to arena shifts which may expedite, derail, or mutate policy proposals as they travel from one decisionmaking forum to another. Thus the arena model reflects the spontaneity and serendipity of the policy process highlighted in Kingdon’s (1995) critique of the stages heuristic and highlights the consequential character of arena shifts.

The concept of an arena shift has been used in a number of theoretical frameworks to help explain how non-incremental policy innovation occurs. For example,

in Kingdon's (1995) policy streams model, substantive policy change is most likely to occur when the politics, policy, and problems streams are coupled together. As Kingdon explains: "The separate streams come together at critical times. A problem is recognized, a solution is developed and available in the policy community, a political change makes it the right time for policy change, and potential constraints are not too severe" (p. 165). This coupling brings the issue out of the policy subsystem and into the macro arena where it is most likely to receive the attention of high profile policymakers.

Similarly, Baumgartner and Jones' (2009) punctuated equilibrium theory posits that long periods of equilibrium in a policy domain (marked by incremental policy change) are punctuated by critical periods of major policy innovation when the issue is shifted from subsystem politics to the macro-political system. The heightened attention of political leaders and the public makes the associated subsystem more susceptible to reform as new ideas, actors, and practices are interjected into it. These new ideas, actors, and practices become institutionalized in the policy subsystem when a state of equilibrium returns.

Finally, Polsby's (1984) model of policy innovation highlights two processes by which non-incremental policy change occurs: The first by "meeting opposition head on and overcoming it;" and the second by "slipping an innovation by as a side issue or as a nonissue" (p. 159). The first type of policy innovation, known as incubated change, occurs once an issue has been passed from the subsystem to the macro arena due to building pressure for change. Here, policy alternatives are openly debated and frequently become highly politicized. Conversely, in the second type of policy innovation, known as

acute change, motivated policy actors maneuver behind the scenes to “slip by” a major policy change without attracting the attention of relevant actors or the broader public.

Like Mazzoni’s (1991) arena model, each of these well-known models incorporates the key concept of arena shift into its framework for explaining how non-incremental policy change occurs. While any of these frameworks could be deemed appropriate for use in this study, the Mazzoni model stands out because it is grounded in and derived from research on state education policymaking, specifically the passage of innovative public school choice legislation in the state of Minnesota. The model also stands out because it does not simply acknowledge the importance of a change in venue; it also attempts to unpack how arena shifts occur. For these reasons, Mazzoni’s arena model has been selected for use in this study. The intellectual roots and key components of this framework are described below.

Mazzoni’s Arena Model

Mazzoni’s (1991) theoretical framework was based on readings from relevant political science literature that highlighted the central concept of the arena (Schattschneider, 1960; Lowi, 1964; Redford, 1969; Chandler, Chandler & Vogel, 1974; Thurber, 1991). While this term can be defined in a variety of ways (see Hilgartner & Bosk, 1988; Allison & Zelikow, 1999; and Ostrom, 1999), Mazzoni defines an arena as “a middle-range term, referring to the political interactions characterizing particular decision sites through which power is exercised to initiate, formulate, and enact public policy” (p. 116).

The arena model, as initially articulated by Mazzoni, included two key policy arenas: the subsystem arena and the macro arena. A policy *subsystem* is generally

comprised of a relatively stable cadre of legislative committee members, bureaucratic specialists, interest groups, and academics involved with a specific policy issue. These subsystem members possess specific policy expertise and develop ongoing relationships with one another in their particular area of interest (Thurber, 1991). Once viewed as ideologically aligned “iron triangles,” policy subsystems are now more likely to be conceived as looser agglomerations of interested parties (Baumgartner & Jones, 2009). Kingdon (1995) refers to these groupings as “policy communities” while Heclo (1978) terms them “issue networks.” In the realm of state education policymaking, relevant actors at the subsystem level generally include bureaucrats from the state department of education, members of legislative committees dealing with education issues, and educational interest groups such as the PTA, administrative organizations, and teachers’ unions (Marshall, Mitchell & Wirt, 1989). According to Fowler (2000), these actors comprise the “Education Policy Planning and Research Community” (in Malen, 2001, p. 174).

Within the subsystem, this stable group of interested parties tends to engage in pluralistic bargaining to help accommodate as many interests as possible (Mazzoni, 1991; Fowler, 1994). This bargaining is often conducted in an orderly fashion away from public scrutiny. While conflict may be present, it tends to be short lived and mediated through pragmatic logrolling and calculated negotiation. Because the subsystem is already biased in favor of the interests represented in the policy subsystem, there is little impetus to contemplate any major policy reform that may change the existing balance of power between competing interests (Redford, 1969). As a result, policy change tends to be incremental in nature.

Politics at the level of the *macro arena* provides a stark contrast to the low profile incremental accommodation found within the subsystem arena. Here “...policymaking is much more visible, accessible, ideological, and contentious...” (Mazzoni, 1991, p. 117). Within the macro arena high-level executives and elected officials replace bureaucrats and technical specialists in the policymaking process. Seeking to make an impact with constituents, these leaders actively search for issues to champion and utilize their high profile and a variety of media strategies to attract attention to their cause. These strategies often rely on creating a sense of drama and crisis to have their issue heard over the din of multiple competing issues (Hilgartner & Bosk, 1988).

Those issues “forced upward out of the subsystems are normally matters that raise broader issues and concern wider interests than can be determined within them” (Redford, 1969, p. 107). Thus they tend to expose the basic philosophical divisions within a society. The contentious nature of these core social issues opens up the macro arena to a wide array of public voices. However, by widening the scope of conflict, policymakers run the risk of losing control over the policy process as newly energized stakeholders enter the decision arena (Schattschneider, 1960; Redford, 1969). Ultimately, this emphasis on widespread participation “creates a political momentum and a ratio of power that gives non-incremental and redistributive policy a real chance for enactment” (Mazzoni, 1991, p. 117).

Based on his reading of the politics literature, Mazzoni theorized that an *arena shift* from the policy subsystem to the macro arena may be a necessary precursor for policy innovation in education. External forces pressing for change upon the subsystem help to produce such a shift by persuading government actors to “break away from

subsystem politics in order to advocate innovative policy initiatives” (Fowler, 1994, p. 336). According to Redford (1969), such macropolitics “input factors” may include: pressure groups, public discussion, ballots, demonstrations, civil disobedience, administrative agencies, individual contacts (Redford, 1969, p. 108). In his review of state education policymaking in the 1980s, Mazzoni (1994) refers to larger, more diffuse environmental “enabling forces” and “energizing factors” as additional sources of momentum for substantive policy change.

Similarly, Cobb and Elder (1983) posit that “triggering devices” such as natural catastrophes, unanticipated events, technological change, biases in resource distribution, and ecological change may call attention to a particular problem. However, they also acknowledge the important role that individuals play in focusing attention in the macro arena. By using these triggering devices to their advantage, a politically minded “initiator” is able to convert the problem into an urgent political issue requiring widespread public attention. This heightened attention, in turn, places pressure for change upon the policy system.

Kingdon’s (1995) “policy entrepreneurs” play an analogous role in effecting arena shifts. These highly motivated change agents call innovative proposals to the attention of policy leaders, seek to inform the public about the benefits of policy change, and “soften up” their own policy community in order to bring an issue out of subsystem obscurity and into the public glare of the macro policy arena. Most importantly, however, they attempt to “hook solutions to problems, proposals to political momentum, and political events to policy problems” (p. 182) to overcome subsystem dominance.

Mazzoni (1991) and others also cite additional resources as another means by which issues can move from the policy subsystem to the macro arena. This motivation for an arena shift posits that politicians, once liberated from zero sum programmatic tradeoffs, are more likely to risk funding innovative policy proposals. He, however, cautions that, unless accompanied by external pressures for change, additional revenue is likely to continue to flow directly to the policy subsystem where it is used “to lubricate the bargaining process, expand allocations to issue beneficiaries, and accommodate influential new claimants” (p. 118).

Mazzoni’s initial model, derived from relevant political science literature, posits that outside forces place demands for change upon the subsystem. When the subsystem does not respond to these demands, elected officials may seize the issue as a means to connect with a potential constituency group. Using the media to attract widespread attention, they shift the issue to the macro arena. These actions, in turn, trigger resistance from threatened stakeholders. Competing coalitions are mobilized and ideological conflict ensues. In the highly volatile macro arena, non-incremental policy innovation is dependent upon the ability of policy actors to skillfully deploy their resources so as to build winning coalitions. Here, winning hinges on “the relative power and leadership of the competing coalitions and on the responsiveness of institutional arrangements to the mass-based demands that these coalitions can generate” (p. 118).

Findings from Mazzoni’s empirical application of the initial model to the passage of Minnesota’s school choice policies highlighted certain shortcomings of the original theoretically-driven framework. Mazzoni noticed that the initial model’s emphasis on outside pressure to effect policy change underestimated the role of elite pressure for

change, proactive governmental leadership, and idea champions in the policymaking process and ignored two relevant decision sites: the commission arena and the leadership arena. These theoretical oversights motivated Mazzoni to revise the model. Specifically, he added two arenas—the commission arena and the leadership arena. The addition of these two decision arenas underscores Mazzoni’s finding that elite policy entrepreneurs and political idea champions can influence policy outcomes by instigating arena shifts.

According to Mazzoni, a *commission arena* is typically comprised of a relatively small group of individuals representing diverse interests on an issue of concern. In this arena, commission membership is generally stable although temporary and contingent upon appointment. Actors engage in pluralistic bargaining as a means to persuade group members to a particular point of view. Because the commission arena is not burdened by the “overwhelming establishment bias of the subsystem,” it does have the capacity to “do more than incrementally extend existing legislation” (Mazzoni, 1991, p. 130). In Mazzoni’s analysis, the major strength of commission arenas is their ability to legitimate, consolidate, and extend new policy ideas. However, the commission arena’s emphasis on consensual bargaining among competing interests ultimately makes it an unlikely site for major policy overhauls.

While the commission arena played a role in the development of innovative school choice legislation in Minnesota, Mazzoni found the *leadership arena* to be a particularly relevant decision site. Within the *leadership arena*, the state’s top leaders engage in elite bargaining to develop and implement innovative policy proposals. These elites utilize their formidable stores of positional and personal resources to obtain favorable decision outcomes. Using Froman and Ripley’s (1965) typology, Mazzoni

identifies four optimal conditions for successful policy innovation in the leadership arena: 1) unity among top-level officials; 2) a willingness to commit influence resources; 3) an issue's lack of public visibility; and 4) weak countervailing pressure from interest groups and grassroots constituencies (p. 125). While Mazzoni argues that leadership arenas provide the most promising setting for obtaining sweeping policy change, he cautions that: "Decision outcomes from this arena are likely to be unusually vulnerable to unforeseen problems, doubts about legitimacy, and superficial compliance" (p. 131).

Incorporating these new additions to the arena model, Mazzoni's revised theory highlights the role of powerful individuals, particularly politicians, in engendering arena shifts. Acting as idea champions inside the political system:

...politicians do more than just pick up, package, and promote ideas developed for them by others. Top officials, in particular, can recast these ideas, heighten their saliency, and inject them into a policymaking arena. As shown in the model, these lawmakers function as switchers in the legislative system, channeling issues to arenas. (p. 131)

While constrained by "institutional arrangements, resource availability, group and constituency pressures, public moods, and cultural expectations" (p. 132), these skilled high-ranking officials can utilize their positional authority and personal influence to impact events in multiple policy arenas.

Grounded in empirical research as well as theoretical literature, the Mazzoni model appears to provide a strong framework for the examination of education policy innovation at the state level. However, Mazzoni himself acknowledges that the model warrants additional examination so that it may be refined, refuted, or, if appropriate, extended to other areas of state education policymaking. To date, this model has been utilized to analyze educational policies in other states such as Ohio (Fowler, 1994) and

Connecticut (Freedman & Hughes, 1998) as well as in the province of Newfoundland, Canada (Cody, 1994).

Fowler (1994) utilized the arena model to explain the passage of an innovative open enrollment policy in Ohio. Her findings confirmed many of Mazzoni's basic conclusions. For example, she corroborated Mazzoni's assertions that the observed arena shift out of the policy subsystem did not come as a result of pressure from the macro arena. Rather, she noted the work of the governor in bringing pressure to bear on the policy subsystem. As in Mazzoni's case, this pressure resulted in a shift to the commission and leadership arenas. In particular, Fowler's case highlighted the importance of the leadership arena and maintained Mazzoni's supposition that leadership unity and commitment combined with issue invisibility and weak countervailing pressure groups increase the likelihood of policy innovation within the leadership arena.

However, the study detected some weaknesses in the framework. First, Fowler's research suggests that the commission arena should not automatically be treated as an autonomous decisionmaking forum because members of the leadership arena may possess undue influence within it. Second, citing Ohio's experience with national reform networks at the governor's level, she suggests that the conceptualization of the leadership arena as just policy-oriented interactions among top-level officials may be too narrow in that it does not account for the "national dimension of the state leadership arena" (Fowler, 1994, p. 348). Finally, the Ohio case challenges the hypothesis that policy innovation is unlikely in the absence of revenue surplus.

Freedman and Hughes (1998) utilized the arena model to examine education policy innovation at the state level in Connecticut. Their research sought to compare and

contrast policy change over the course of two decades. Like Fowler's findings, Freedman and Hughes' conclusions support the basic tenets of Mazzoni's revised arena model. In particular, their research affirmed the role of resources and strong political leadership from top officials in producing arena shifts that lead to policy innovation. In this case, innovation occurred within the commission arena. However, like Fowler they cite the confounding relationship between the leadership and commission arenas and note that political officials "not only directly appoint members to the commissions, but also often participate themselves as members of commissions" (p. 2).

Cody (1994) utilized the arena model to understand the role and function of a Royal Commission in educational decisionmaking in the province of Newfoundland, Canada. Specifically, the Royal Commission sought to develop a plan to restructure the province's relationship with churches as direct providers of public education. In her study, Cody noted the presence of all four arenas in the decisionmaking process as well as the presence of important governmental idea champions working to facilitate arena shifts. However, like Fowler (1994) and Freedman and Hughes (1998), she questioned the independence of the arenas by noting the simultaneous membership of some leaders in multiple arenas. In her assessment of the policymaking process under examination, she found that the boundaries between arenas "...were often as flexible as they were discrete" (p. 157). In her opinion, these commonalities confounded the idea that policy might have developed differently in different arenas.

In short, subsequent empirical testing has found the Mazzoni model to be generally helpful in explaining policy innovation, although the independence of the individual arenas has been questioned. These substantive critiques help to refine the

theoretical underpinnings of the arena model and serve as useful points of departure for researchers seeking to extend the arena model into other areas of state education policymaking such as school finance reform.

Conceptual Framework for This Study

For this study, relevant literature on the politics of school finance reform has been examined in conjunction with the relevant literature on state education policymaking to derive an appropriate conceptual framework through which to examine the passage of Vermont's Act 60. A conceptual framework is an ordering device that helps to make sense of patterns of behavior that are difficult to observe directly (Cody, 1994). The literature on school finance reform reveals a process that is both conflict-laden and highly contextual. These attributes require the use of a conceptual model that focuses on actor roles and relationships yet is also sensitive to the impact of institutional and environmental forces upon human interaction.

The literature on school finance reform also highlights the incremental nature of policy change due to the need to build large statewide coalitions. However, Vermont's Act 60 stands out as an example of non-incremental policy change in that it sought to redistribute funds from property-rich school districts to property-poor school districts through the use of a statewide property tax and a local property tax recapture provision. The attributes of the policy issue under examination require the use of a conceptual framework that can help explain the circumstances under which non-incremental policy innovation occurs.

The conceptual model guiding this case study is derived from Mazzoni's (1991) arena model (Appendix A). Mazzoni's model rests on three key assumptions that are vital

to understanding how Act 60 came into being: 1) that arenas structure not only the institutional and social context of policy formation, but also the relevant players, the relative value of their resources, and their strategies for wielding influence; 2) that politically skillful policy actors utilize their positional and personal power to instigate arena shifts to arenas that they believe are likely to produce favorable outcomes; and 3) that the concept of an arena shift to these favorable policy venues can help to explain large-scale policy change.

This conceptual framework situates the analysis of education policymaking within a broader external policy environment shaped by the state and nation. This policy environment is influenced by cultural norms, social values, and political traditions. Within this broader context, the conceptual framework highlights four overlapping policy arenas where court-mandated school finance reform is mediated: 1) the policy subsystem; 2) the macro arena; 3) the leadership arena; and 4) the commission arena.

Each arena possesses its own customs, rules, and operating procedures that structure the pluralistic power-based policy formation that takes place within. Here, actors with diverse goals strategically deploy resources to influence policy outcomes. Because the arena model does not assume that a clear-cut decisionmaking process exists (Cody, 1994), the role of individual initiative, particularly among elite policy entrepreneurs and political idea champions, is highlighted. Strategically placed individuals utilize their positional and personal resources to instigate arena shifts by “functioning as switchers in the legislative system, channeling issues to arenas” (Mazzoni, 1991, p. 131) that are most likely to produce favorable outcomes. Because

each arena differs with regard to scope of participation, decisionmaking process, and visibility, potential policy interactions and outcomes would be expected to vary widely.

The Mazzoni (1991) model recognizes that power is distributed differentially throughout various policy arenas in that the structure of each arena dictates the relative utility of various resources. For the purposes of this conceptual framework, the overarching concept of power is characterized as purposeful, relational, and contextual (Mazzoni, 1991). It is purposeful in that it involves persons attempting to overcome resistance to obtain a desired outcome. It is relational in that, as Pfeffer (1981) writes, “a person is not ‘powerful’ or ‘powerless’ in general, but only with respect to other social actors in a specific social relationship” (p. 5). Finally, it is contextual in that the “scope” of one’s power may not necessarily penetrate multiple domains (Dahl, 1984) and the opportunity to exercise influence is conditioned by social, institutional, and environmental factors.

One definition that embodies these multiple dimensions of power was developed by the noted leadership scholar James MacGregor Burns (1978):

The power process is one in which powerholders (P), possessing certain motives and goals, have the capacity to secure changes in the behavior of a respondent (R)... and in the environment, by utilizing resources in their power base, including factors of skill, relative to the targets of their power wielding and necessary to secure such changes. (p. 13)

Importantly, Burns’ definition conceives of power as the “capacity to secure changes,” rather than the actual act of securing changes. Consistent with this definition is the idea that power is subsequently converted into influence and authority through the skillful deployment of resources. Influence involves the use of resources by political partisans to affect the decisionmaking outcomes of officials (Gamson, 1968). On the other hand,

social control, or authority, involves the employment of resources by officials to quell disturbances and maintain control of the decisionmaking process (Gamson, 1968; Dahl, 1984; Pfeffer, 1981). In this respect, influence and authority can be viewed as the “active expressions of power” (Geary, 1992, p. 16).

For the purposes of this study, an actor’s power and influence within the context of each arena is analyzed through an examination of: 1) the decision outcome method; 2) the reputational assessment method; 3) the resource assessment method; and 4) the analysis of non-decisions. This multiple measurement strategy allows the analyst to discover a “convergence of power indicators” (Pfeffer, 1981, p. 59).

The decision outcome method examines policy outcomes to assess power (Pfeffer, 1981; Gamson, 1968). In this approach, power is gauged through an analysis of winners and losers with the presumption that those who consistently win wield more power. However, Dahl (1957) cautions that such a power index can be problematic. For instance, it may be difficult to distinguish between a true wielder of power and someone who is adept at guessing how the political winds are blowing. Such a person might always seem to be on the winning side of an outcome and yet not exert any real influence. Dahl terms such a person a “chameleon.” Related to the chameleon is the “satellite,” a decision maker who consistently follows the lead of a powerful colleague but who exerts no actual influence. Thus, while appearing to exercise influence, such a person only reflects it through association (Gamson, 1968). Conversely, those political actors with true power may attempt to understate their ability to influence so as to avoid gaining the attention of rivals or having additional demands placed upon them (Pfeffer, 1981). While being attentive to the possible existence of “chameleons” and “satellites,” for the

purposes of this study a “win” constitutes a policy outcome that aligns with policy actors’ goals.

The reputational method for assessing power eschews the tallying of decisionmaking outcomes in favor of tapping people’s perceptions of patterns of influence and authority in their own communities. This method of assessing power rests upon three assumptions (Pfeffer, 1981): 1) actors have knowledge about power in their communities; 2) these actors are willing to reveal what they know about how power is distributed; and 3) questioning actors about power elites does not predispose them to confirm concentrations of power where they do not exist (p. 55). While critics (i.e. Polsby, 1960) charge that this model builds in too many assumptions, Pfeffer’s study of power and resource allocation at the University of Illinois discovered a consistency of power attributions across departments. According to Pfeffer, “this consensus and consistency in power ratings provide some evidence for at least a shared social definition of the distribution of power” (p. 57). For the purposes of this study, reputational power is assessed by informant interview data. It is anticipated that this alternative approach to measuring power helps to substantiate or refute initial power assessments derived from the decision analysis approach.

The resource assessment method gauges power through an examination of those resources available to actors that could be used to influence policy decisions (Pfeffer, 1981; Gamson, 1968). This technique assumes that because influence is exercised through the strategic deployment of resources, potential power can be gauged by estimating the type and amount of resources available to a particular actor or group. Above all, this approach broaches the question of plausibility and leads the investigator to

ask the question: Given these resources and strategies, is it conceivable that a certain policy actor would be influential? Gamson (1968) terms this approach an “end run” in the study of power in that it measures the capability and willingness to influence rather than actual acts of influence. As such, it helps to shore up preliminary findings on power by adding the consideration of plausibility. Data used to measure resource availability is drawn from and corroborated by informant and documentary sources.

The final measurement technique relies on the analysis of non-decision to detect instances of issue suppression (Geary, 1992). It is closely allied with proponents of the neo-elitist perspective such as Bachrach and Baratz (1962) and Lukes (1974) who “advocate for research outside of the formal decisionmaking arena to unveil the ingrained values, biases, and myths that favor the interests of certain groups over others...” (Geary, 1992, p. 32). This approach expands the scope of inquiry into the surrounding social and political culture to uncover instances where elites may have exerted influence and authority to suppress issues that might compromise their interests and position in society. While some scholars have challenged this approach on methodological grounds (see Ledyaeve, 1997), others hold that instances of issue suppression are indeed detectable. This study is sensitive to how Vermont’s broader socio-political traditions may subtly shape the definition of issues and the dynamics of the policymaking process in favor of social and economic elites.

While there are multiple methodological vantage points from which to observe and measure power, each is not without its own shortcomings. Pfeffer’s (1981) multiple method approach seeks to overcome the weaknesses of any individual approach by creating a composite portrait of power at work in the decisionmaking process. A

convergence of power indicators helps to give a strong vote of confidence to a researcher's findings concerning the power of key actors or groups. Conversely, little or no convergence among power indicators not only prevents the researcher from making exaggerated claims based on the findings from one approach but also reveals a more complex portrait of the decisionmaking arena in which power is widely dispersed, unorganized, or covert.

Research Questions Derived from the Conceptual Framework

As noted earlier, the purpose of this research is twofold: 1) to explain a case of non-incremental policy change within the realm of school finance reform; and 2) to test the utility of Mazzone's (1991) arena model for explaining state-level school finance policymaking. In testing the model, this research develops a thick descriptive account of political developments relating to the passage of Act 60 and analyzes information derived from the account in light of the tenets of the arena model so as to render a judgment with regard to the model's ability to account for the policymaking process under study. This approach, which seeks to test and refine mid-range theory through empirical research, is consistent with that advocated by scholars in field of political science (Allison, 1971; Shapiro, 2004).

To this end, this study will seek to answer two central research questions: *How did contextual forces and actor relations interact to bring about a non-incremental school finance reform policy in Vermont?* and *In what ways does Mazzone's (1991) arena model account for or fail to account for these policy dynamics?* The following supporting questions, derived from the conceptual framework, provide the basis for addressing the overarching research questions:

- What are the key features of the policy context? What are the historic social, political, and economic issues impacting the financing of schools in Vermont? What are the institutional structures that oversee and facilitate the development of school finance policy in Vermont?
- Who were the major participants in the policymaking process?
- Why did these participants seek to influence the policymaking process?
- How did these participants utilize power derived from positional authority and personal influence to shift policy decisions to favorable policy arenas? What resources and strategies did they employ in doing so?
- How did these and other influence attempts impact actual policy interactions and outcomes?

Study Limitations

Like all studies, this research endeavor has its limitations (Marshall & Rossman, 1999). First and foremost, it is limited by the assumptions of the analytic constructs utilized to frame the research. As Allison and Zelikow (1999) note, “conceptual models not only fix the mesh of the nets that the analyst drags through the material in order to explain a particular action; they also direct him [or her] to cast his [or her] nets in select ponds, at certain depths, in order to catch the fish he [or she] is after” (p. 4). While this framework has been designed to at least, in part, overcome various shortcomings inherent in the systems/social control and actor-influence perspectives (Gamson, 1968; Bolman & Deal, 1993), no one analytic framework is ever able to reveal all the information relevant to a particular case. Each framework contains its own assumptions, and as such, its findings simultaneously highlight and obscure potentially relevant data. Thus, conclusions drawn from the application of an analytic framework must be taken as one of several potential explanations.

In particular, this framework assumes that political decisionmaking is a potentially pluralistic, value-laden process structured by the decision arena in which it operates. Theoretical frameworks that emphasize the pluralistic aspect of the policy process⁸ have been accused of downplaying the role of rationality and overemphasizing the inevitability of conflict in the decisionmaking process. They have also been faulted for being overly cynical with regard to the ability of groups to work collaboratively (Bolman & Deal, 1993) and for ignoring the relationship between political and economic power (Schattschneider, 1960; Carnoy and Levin, 1985). However, with these caveats noted, a pluralistic political framework not only remains an appropriate mechanism for providing insight into the “interest-driven, power-based interactions” (Malen & Knapp, 1997, p. 428) that so frequently play a key role in determining the outcomes of policy decisions such as Act 60, but also allows for the potential discovery of alternative patterns of influence operating within the policy arena.

The study is further limited by the length of time that elapsed between the events described in the study and the data collection period. Such an extensive time lapse can serve to cloud and distort the memory of informants. However, various steps were taken to mitigate this limitation. First, informants were provided with a legislative chronology (Appendix D) to review before interviews were conducted to help enhance recall. Second, the researcher conducted an extensive review of primary and secondary source documents relating to the case prior to conducting semi-structured interviews. This document review enabled the researcher to both jar informant memories during the interview process and to assess the accuracy and candor of informant accounts following

⁸ Particularly as compared to rational actor models of policy analysis.

the interviews (see Appendix G). Third, efforts were made through the informant selection process to ensure that informants represented a wide variety of positions within the policymaking process. Finally, singular assertions that could not be corroborated by other data sources were not included in research findings.

Definition of Key Components of the Conceptual Framework

Arena – A locus of pluralistic political interaction in which influence is deployed in the decisionmaking process to impact policy outcomes (Cody, 1994; Mazzoni, 1991).

Subsystem Arena – A policy arena comprised of various policy actors involved with a specific policy issue. Subsystem members possess specific policy issue expertise and develop ongoing relationships with one another in their particular area of interest (Thurber, 1991). This stable group of interested parties typically engages in orderly and discrete pluralistic bargaining to help accommodate as many interests as possible (Fowler, 1994; Mazzoni, 1991).

Macro Arena – A policy arena in which highly visible policy actors engage in public debate about hot button issues that are not able to be decided quietly among subsystem actors. As issues rise out of the subsystem and into the macro arena, policymaking becomes “...more visible, accessible, ideological, and contentious” (Mazzoni, 1991, p. 117). The contentious nature of the issues opens up the macro arena to a wide array of public voices.

Commission Arena – A policy arena comprised of a relatively small group of individuals representing diverse interests on an issue of concern. Membership is generally stable, although temporary, and contingent upon appointment. Those within this arena typically engage in consensual bargaining to persuade members to a particular point of view.

Leadership Arena – Within the leadership arena, top leaders tend to engage in elite bargaining to develop and implement innovative policy proposals. In doing so, they deploy formidable stores of positional and personal resources to obtain favorable decision outcomes.

Arena Shift – The movement of a policy issue from one arena to another. External forces pressing for change upon the subsystem may help to produce an arena shift by persuading government actors to “break away from subsystem politics in order to advocate innovative policy initiatives” (Fowler, 1994, p. 336). Policy entrepreneurs and idea champions also may utilize their influence to shift the issue into the arena they believe will produce the outcomes they desire.

Policy Entrepreneur – A highly motivated change agent that takes advantage of favorable political conditions to push his/her preferred policies with unusual determination and skill

(Kingdon, 1995). Mazzoni (1991) perceives policy entrepreneurs to be working from outside the formal government.

Idea Champion – A high-level lawmaker who influences policy outcomes by instigating shifts to favorable policy arenas. While constrained by “institutional arrangements, resource availability, group and constituency pressures, public moods, and cultural expectations” (Mazzoni, 1991, p. 132), these skilled high-ranking public officials can utilize their positional authority and personal influence to impact policy outcomes.

Actors – An individual or group that is involved in the policy process. Actors wield influence through the strategic deployment of resources in an effort to impact policy outcomes (Mazzoni, 1991).

Goals – The desired ends actors seek to achieve by becoming involved with a certain issue or decision (Blalock, 1989; Campbell & Mazzoni, 1976).

Motivations – The reasons why actors are willing to deploy resources in an attempt to achieve their policy goals. Policy analysts chart actor motivation on a scale ranging from apathy to activism and cite issue saliency as a key reason for actor engagement (Campbell & Mazzoni, 1976).

Resources – Sources of power that can be utilized by policy actors to affect the outcome of decisions. Resources are potential power that can be converted into actual power through a combination of circumstance, capacity and motivation (Campbell & Mazzoni, 1976).

Influence Strategies – Mechanisms by which a policy actor’s resources are used to influence the decisionmaking process. Influence strategies include, but are not confined to: coalition building (Campbell & Mazzoni, 1976); control of the policy agenda (Cobb & Elder, 1983; Kingdon, 1995); managing the scope of conflict (Schattschneider, 1960); exercising voice/exit strategies (Hirschman, 1970); use of social/political/cultural symbols (Edelman, 1964); and arena shifts (Mazzoni, 1991).

Power – As noted earlier, the definition of power selected for this case study was developed by James MacGregor Burns (1978). It reads as follows: “The power process is one in which powerholders (P), possessing certain motives and goals, have the capacity to secure changes in the behavior of a respondent (R)... and in the environment, by utilizing resources in their power base, including factors of skill, relative to the targets of their power wielding and necessary to secure such changes” (p. 13). For the purposes of this study, an actor’s power and influence will be analyzed through an examination of: 1) decision outcomes; 2) reputational assessments; 3) resource assessments; and 4) analyses of non-decisions.

Windows of Opportunity – Kingdon (1995) describes policy windows as fortuitous “opportunities for action on given initiatives” (p. 166). These windows of opportunity occur infrequently and stay open for only a short while. If policy actors do not take

appropriate advantage of these opportunities, they must wait until the next time the policy window opens. Mazzoni (1991) incorporates this concept into his arena model to highlight the power of individuals to affect policy innovation.

Chapter Summary

The purpose of this chapter was to describe the literature that guides this case study research. The review encompassed literature in two central areas: the issue area – the politics of school finance reform; and the theoretical framework – the process of state education policymaking. This chapter also detailed the conceptual framework derived from this literature, outlined the study’s research questions derived from the conceptual framework, discussed the potential limitations of the study under consideration, and provided a definition of key concepts and terms. The next chapter attends to this study’s research design and methodology.

CHAPTER THREE

RESEARCH DESIGN AND METHODS

This research employed case study methodology: 1) to add to the existing body of literature surrounding the politics of school finance reform; and 2) to help refine and advance theory on state education policymaking. This chapter outlines the research methods that were used. The first section describes the case selection process. The second section provides a rationale for the use of qualitative case study to answer the research questions. The third section of this chapter describes the data gathering methods that were employed, including data sources, procedures for data collection, and analysis methods. The fourth section explains how the study addressed issues of validity and sought to control for bias and error. The chapter concludes with a discussion of the researcher's ethical considerations.

Site Selection Rationale

The policy decision selected for this study is the Vermont state legislature's 1997 passage of Act 60, a non-incremental school finance reform measure which supplanted Vermont's longstanding use of local property taxes as the primary source of school funding in favor of two new funding mechanisms that redistributed property wealth from property-rich schools to property-poor schools. This case spans the period between May 1992, when Governor Howard Dean appointed his Governor's Blue Ribbon Commission on Educational and Municipal Financing Reform, and June 1997, when Governor Dean signed Act 60 into law. The appropriateness of this case is based upon the importance of the issue area, the analytic value of the Vermont setting, and the compatibility of the case with the analytic framework.

Importance of the Issue Area

More than ever, a quality education is viewed as an essential component of a successful and productive adult life. Yet, structural impediments frequently prevent equitable access to education among America's students. School finance reform is often perceived as one front in the push for eliminating those structural impediments and is predicated on the belief that improved access to education funding can improve educational outcomes for disadvantaged students (Rebell, 1998). Much energy has gone into putting the issue of school finance reform before the courts in an effort to have systems of school finance declared unconstitutional. But school finance reform is as much a political issue as it is a legal one. Faced with a mandate for change, lawmakers are asked to reconceptualize their state's school funding mechanisms so as to correspond with the equity parameters set forth by the court. Historically, these equity parameters have been outlined in financial terms and entail the implementation of measures that attempt to close the gap between high spending and low spending school districts. Such measures might include the levying of additional general fund taxes, the levying of higher local property taxes for high-wealth districts, recapture provisions which seek to directly redistribute funds from high-wealth to low-wealth districts, state-imposed spending limits for high-wealth districts and statewide property taxes that even the tax effort required of all property owners.

However, due to a lack of research in the field, educational policymakers have little current understanding with regard to how state government officials actually respond to these court-ordered mandates for reform. Further, they have even less information concerning how state legislatures are able to successfully blend court

directives for equity with political realities that resist the redistribution of funds from property-rich school districts to property-poor school districts. Given that legal challenges to existing state systems of school finance are expected to continue, the pursuit of this knowledge seems to be both appropriate and timely.

Analytic Value of the Vermont Setting

Vermont is just one of several states to have had its system of school finance declared unconstitutional by a state supreme court. In fact, it was one of three states, along with Ohio and New Hampshire, to have its school funding system nullified in 1997. However, unlike most other states (Ohio and New Hampshire included), the Vermont state legislature responded to the court's reform mandate by swiftly implementing a far-reaching reform package designed to reduce funding disparities among school districts through the redistribution of state and local property tax dollars from property-wealthy school districts to property-poor school districts (Proulx & Jimerson, 1998; Picus, 1998). Shelley (2011) highlights the distinctive nature of Vermont's legislative response to its school finance reform court mandate as follows:

The state's response to the *Brigham* decision was quick, sweeping, and, to those with knowledge of finance reform movements in other states, almost unbelievable. In most instances of school finance litigation where plaintiffs have received a favorable verdict, the elected branches of state government have complied reluctantly and tried to design a remedy that disturbed the finance system as little as possible. On June 27, 1997, Vermont Governor Howard Dean signed Act 60, a law that would have made school funding as equitable as any system in the country if fully implemented. (pp. 48-49)

Conversely, the school finance reform process in both New Hampshire and Ohio reflected the more typical pattern of a protracted legal struggle brought about by a recalcitrant legislature unwilling to enact the reforms stipulated in court decrees. After

obtaining their initial victory in *DeRolph v. State* (1997), school finance reform advocates in Ohio returned to the court three more times seeking to compel the Ohio legislature to devise a more equitable system of school finance. In 2003, thanks to judicial turnover, a more conservative Supreme Court agreed to the state's request to close the case without having fully resolved the plaintiff's complaints (National Education Access Network, 2011a). Similarly, New Hampshire is still struggling to resolve school finance issues relating to its Supreme Court's ruling in *Claremont v. Governor* (1997). After implementing modest reform measures, the legislature is currently pursuing a constitutional amendment that would preclude further judicial involvement in matters of school funding (National Education Access Network, 2011b).

As the cases of New Hampshire and Ohio demonstrate, because court-mandated school finance reform is often forced upon a reluctant legislature, the resulting policy tends to be both contested and incremental (Elmore & McLaughlin, 1982; Nelson, 1997). As creatures of state legislatures, school funding systems seek to satisfy as many state interests as possible so as to obtain the broad coalition of legislative support needed for passage. In order to gain broad based support for a school finance measure, lawmakers are likely to implement funding mechanisms in which no district has its education funding cut (Wong, 1999). However, the legislative impulse to hold harmless property-rich communities serves to diminish the ability of state aid to close funding gaps between property-rich and property-poor school districts (Nelson, 1997).

Vermont serves as a stark contrast to the standard legislative operating procedures exhibited in Ohio, New Hampshire and other states. Just four months after the *Brigham* decision, the Vermont legislature replaced its existing system of school finance that

relied upon the use of local property taxes to fund schools with a reallocation program that not only resulted in significantly more equitable distribution of education resources, but also resulted in 43 wealthy towns paying increased property taxes (“Robin Hood,” 1998).

School finance scholars increasingly understand that winning a legal challenge is just the beginning of the path to fiscal equity. As Dayton and Dupre (2007) note: “Judicial involvement may serve as a catalyst for change, but reform advocacy must extend more broadly to encompass the political realm” (p. 485). The speed at which the Vermont legislature enacted Act 60 provides an indication that a reform-friendly policy environment may have been in place at the time of the court’s ruling in the *Brigham* case. The study of a state such as Vermont may help researchers to understand those political factors that create an environment that is conducive to passing non-incremental school finance reform legislation. Thus, given its distinctive and innovative policy treatment of school funding structures, Vermont is considered an especially “revelatory” (Yin, 1994) case for the study of school finance reform.

While school finance reform has become a high profile issue in state legislatures, little scholarly attention has been paid to the politics of school finance reform in recent years. Those studies that have been conducted generally focus upon states with protracted legislative/judicial battles such as California, Texas, New Jersey, New Hampshire and Ohio (see Elmore & McLaughlin, 1982; Lehne, 1978; Olabisi, 2006; Pittner, Carleton & Casto, 2010). However, comparatively little has been written about states where school finance reform has been achieved relatively peacefully following a court decision, as was

the case in Vermont.⁹ This omission creates a potential bias in our understanding of the processes involved in legislating these reform initiatives by highlighting conflict at the expense of consensus. Given this slant, the study of the passage of Vermont's Act 60 is particularly helpful in adding to our knowledge of school finance reform policymaking at the state level.

Compatibility with the Analytic Framework

Mazzoni (1991) developed his arena model to explain the process of state education policymaking in Minnesota. The arena model is based on the assumption that policymaking is a highly pluralistic process whereby "...people, interests and ideas contend for agenda status and policy preference" (p. 116). Vermont, with its highly engaged citizenry (Smallwood, 1984; Proulx & Jimerson, 1998) frequently divided legislatures and low bar to political office holding (Graff, 1999; Smallwood, 1984) is the embodiment of a pluralistic policy environment.

Mazzoni's empirical application of the arena model to school choice issues in Minnesota yielded positive results in terms of the model's ability to capture the complexities of the state policymaking process as policy entrepreneurs worked to shift issues to the most favorable policy arena available. Subsequent empirical applications in Ohio (Fowler, 1994), Connecticut (Freedman & Hughes, 1998), and the province of Newfoundland, Canada (Cody, 1994) found the model to be useful in other state/provincial education policy areas.

⁹ One exception to this statement is the notice paid to Kentucky's *Rose v. Council for Better Education* (1989) decision. Even so, the general thrust of the attention has centered upon the educational reforms mandated by the court rather than the finance reforms mandated by the court.

Within Vermont, state-level political actors skillfully shifted the school finance reform issue out of the policy subsystem and into a variety of other policy arenas in an effort to pass Act 60. This examination of the passage of Act 60 provides a fruitful opportunity to explore the dynamics and consequences of arena shifts in a manner that further tests the assumptions and expectations of Mazzoni's model.

Case Study Rationale

Merriam (1998) describes case study research as “an intensive, holistic description and analysis of a bounded phenomenon such as a program, an institution, a person, a process, or a social unit” (p. xiii). Case studies are particularly noted for their ability to offer detailed descriptions of events or processes (Yin, 1994; Merriam, 1998). The arena model's reliance on detailed, site-specific information to describe and then explain a complex phenomenon makes case study an appropriate methodology for this research endeavor. Pieces of school finance reform such as Act 60 are not only legally complicated but also value laden (Ward & Camp, 1988). The benefit of case study in such situations is that it helps the analyst to untangle the vast array of competing actors, goals, resources, and strategies inherent in the policy process.

In addition to their ability to provide detailed description, case studies have been found to be helpful in instances where the phenomenon under study is particularly context-bound (Yin, 1994; Bogdan & Biklen, 1998). Van Mannen (1983) notes that the qualitative data captured through case study research can “enlighten... without disfiguring the social life that is described” (in Geary, 1992, p. 61). Because the arena model relies in part on the systems perspective of policy analysis, which emphasizes the impact structure and setting have on political decisionmaking, a case study's ability to capture context-

specific data make it a particularly attractive method for use with the research proposed here. Given that the politics of school finance reform has been judged as particularly context driven (i.e. Brown & Elmore, 1982; Siegel, 1976; Fuhrman, Berke & Usdan, 1979), the use of case study is deemed appropriate for this reason as well.

Case studies are well suited for answering “how” and “why” questions because “such questions deal with operational links needing to be traced over time” (Yin, 1994, p. 6). In that this case study research seeks to understand “how” and “why” power and influence were brought to bear on the Vermont state legislature to impact school finance legislation, case study’s ability to track the policymaking process throughout its various phases allows the researcher to detect “the causal links between actor interventions and policy outcomes” (Geary, 1992, p. 61).

Finally, case study’s use of multiple data sources to understand phenomena under study contributes to the nuanced and multifaceted portrait of the policy process required to test the arena model. Yin (1994) remarks that “[t]he use of multiple sources of evidence in case studies allows an investigator to address a broader range of historical, attitudinal, and behavioral issues” (p. 92). This research study utilized interviews as well as a wide variety documentary data as a means to understand the political decisionmaking involved in the passage of Vermont’s Act 60.

Despite the several advantages of case study noted above, the method is not without its criticisms. Yet as Geary (1992) notes, “even the most persistent indictments, however, may be viewed not as endemic flaws in the method, but as useful precautions for the investigator” (p. 62). Three prevalent case study criticisms are discussed here (Yin, 1994). First, case study critics argue that the method does not provide the rigor

necessary for scientific inquiry in part because the investigator, as the primary data collection instrument, may introduce an unacceptable level of bias into the research process (Merriam, 1998). To counter this argument, qualitative methodologists such as Guba and Lincoln (1987) and Goetz and LeCompte (1984) have developed procedures to engender rigor in naturalistic investigations. These procedures for promoting validity and reliability demand that attention is paid to the credibility of both researchers and their data sources as well as to the consistency of data collection and analysis procedures (Guba & Lincoln, 1987; Goetz & LeCompte, 1984). These procedures (to be elaborated in subsequent sections) have been incorporated into the research's data collection and analysis methods.

The second objection levied against case study is that, given its traditionally small sample size, case study research findings are anecdotal and, thus, not generalizable to any general population (Bogdan & Biklen, 1998). For Yin (1994), the use of a theoretical framework is the primary means by which to achieve generalizable findings in case study research. He argues that the case study researcher must aim for analytic generalization whereby the researcher strives “to generalize a particular set of results to some broader theory” (Yin, 1994, p. 36). With regard to this particular research project, Mazzoni's arena model served as an established template against which study findings were compared so as to help refine and advance theory on state education policymaking.

The third major criticism leveled by case study critics is that case studies are unduly time-consuming and result in unmanageably long reports. While case study does require the use of “thick description” in the case write up, this requirement does not mean that the report must be unreadable. The effective use of descriptive text can actually serve

as a means by which to engage and maintain the reader's attention throughout the length of the entire document. According to Geary (1992), the use of an analytic framework is another means by which to effectively organize and present data findings. She comments: "The likelihood that the data will become unreasonably cumbersome is eased... when the research is harnessed by an analytic framework that defines and directs the precise and productive search for categorically relevant data" (p. 63). As noted above, this research benefitted from the use of an established heuristic device as a means to focus both the research inquiry as well as the research report.

Data Sources, Data Gathering Methods and Data Analysis

This section reviews the data sources, data collection strategies and methods of data analysis utilized in developing case study findings for this research project.

Data Sources

A hallmark of the case study design is its reliance on multiple data sources to inform the research process (Creswell, 1998; Yin, 1994). Information for this investigation was obtained through a variety of sources, including official documents such as court rulings, pieces of legislation and legislative calendars and journals; other primary source documents such as internal memos, correspondence, draft legislation and legislative reports; secondary source materials such as newspaper reports and scholarly articles; and, finally, interviews with policy actors and proximate observers. The following sections describe the general purpose of these data sources and their applications to this research project.

Primary Source Documentary Data

Examples of official primary source documents used for this study included the *Brigham v. State of Vermont* (1997) court decision, various versions of school finance legislation including 1994's H.541, 1995's H.351 and 1997's H.527, Vermont House and Senate journals, minutes from pertinent legislative committee meetings, particularly the House Ways and Means Committee and the Senate Finance Committee, and state agency reports. Utilization of official primary source documents such as those mentioned above provided the investigator with valuable information concerning the chronology of events, the involvement of relevant actors, the rules governing the decisionmaking process, and the action channels¹⁰ selected for use by policymakers (Murphy, 1980). Although these official documents offer valuable insights into the policy process, they are often formal and "polished." In these instances, they limit the reader's knowledge of the informal exchanges, adjustments, and backroom "politicking" that are a part of a legislative decision. Given the incomplete story that official documents tell, the use of complementary sources which allow the researcher to get at what Allison and Zelikow (1999) term the "pulling and hauling" of policymaking was required.

Documentary sources also included primary source materials that one would not always consider official government documents. These included personal memos, letters, draft reports, position papers, meeting agendas and personal notes. When arranged chronologically, these documents offered greater insights into the policy formation process because they both revealed individuals' thoughts about various policy initiatives and helped chart policy actors' courses of action. For the purposes of this research

¹⁰ Term taken from Allison and Zelikow (1999).

project, approximately 300 primary source documents were collected and analyzed. However, these materials, while helpful in building understanding, do not by themselves offer analysis. Secondary source data such as newspapers and scholarly journals help to contextualize data derived from the primary source documents.

Secondary Source Data

Materials such as books, professional journal articles, and newspaper and magazine articles comprised this investigation's secondary source data. In particular, newspaper accounts from Vermont's two major dailies, *The Burlington Free Press* and *The Rutland Herald*, accounted for the bulk of secondary source data. For this study, the researcher collected approximately 600 newspaper articles from these and other Vermont newspapers covering the period between January 1992 and June 1997.

These secondary sources served three major purposes (Geary, 1992). First, they helped to contextualize the policymaking process by highlighting Vermont's cultural norms, political values, and social traditions. Second, they provided background information on the policy issue at both the state and national levels. Finally, they offered interpretations of events, which helped to provide insight into the goals and strategies employed by participant groups seeking to influence the policy process. Before initiating the interview process, a wide variety of secondary source information was collected and reviewed to assist in the development of a working knowledge of case events and a preliminary list of relevant actors such as bill sponsors, committee members, agency employees, and members of key pressure groups.

Like other documentary sources, secondary materials can only tell part of the story when it comes to understanding the policymaking process. For example, while

newspaper articles may do a good job of chronicling events and highlighting various actors involved in any given decision, people who know they are “on the record” may be more guarded with their statements. Therefore, they may be less likely to say what is really on their mind, especially if it differs from the views of their colleagues, constituents or friends. In addition, although secondary source documents are helpful for obtaining background information, they provide only abbreviated explanations of events and do not yield information concerning the informal back and forth that is so much a part of the political decisionmaking process.

Semi-Structured Interviews

In his landmark piece on political decisionmaking, Allison (1971) quotes a noted policy analyst as stating: “If I were forced to choose between the documents on the one hand, and late, limited, partial interviews with some of the principal participants on the other, I would be forced to discard the documents” (p. 181). Interviews provide critical windows into decisionmaking processes that might not otherwise be revealed through other data sources. Information obtained through in-depth interviewing typically provides the data needed to reconstruct the complex and multifaceted process of policymaking (Murphy, 1980; Allison & Zelikow, 1999). When conducted with the promise of confidentiality, such interviews may also yield the data needed to capture the private as well as the public goals, strategies, and horse-trading tactics of relevant politicians and interest groups involved in the course of political decisionmaking (Murphy, 1980; Patton, 1990). Given this strong endorsement, semi-structured interviews served as the primary source of data for this investigation. This research project included a total of 21 confidential interviews with policy actors and proximate observers. Interview informants

were drawn from a pool of eight legislators, four state agency staffers, six interest group leaders and three newspaper reporters. Table 3.1 summarizes the various data sources utilized for this research project:

Table 3.1 Summary of Data Sources

Data Source	Description
Primary Source Documents	Approximately 300 documents including court rulings, legislation, commission reports, memos and personal notes.
Secondary Source Documents	Approximately 600 articles culled from the <i>Burlington Free Press</i> , <i>Rutland Herald</i> and other Vermont newspapers. Articles date from the period January 1992 to June 1997.
Semi-Structured Interviews	21 semi-structured interviews conducted in May and June of 2010. Interviewees included 8 legislators, 4 agency staffers, 6 interest group leaders and 3 reporters.

Procedures for Data Gathering

Allison and Zelikow (1999) write that “[t]he use of public documents, newspapers, interviews of participants, and discussion with close observers of participants to piece together the bits of information is an art” (p. 312). These “little bits of information” will be pursued by collecting data that fall into two general categories: documents and interviews.

Obtaining Documentary Evidence

Documents are a necessary component of any case study researcher’s data collection strategy (Merriam, 1998; Yin, 1994). As noted earlier, this study relied upon a wide variety of documentary source materials, including House and Senate bills, committee minutes, personal letters and memos, and newspapers. The majority of the official documents required for this study were obtained on-line through the Vermont State Legislature’s web site. Primary source documents that were not available on-line

were obtained during two multi-day visits to the Vermont state archives in Barre, Vermont. The state archives possessed a comprehensive “property tax reform” collection that proved enormously helpful in obtaining approximately 1,100 pages of primary source documents relating to the years’ long process of passing school finance reform legislation in Vermont.

In terms of obtaining secondary source materials, a Vermont newspaper database supplied by Middlebury College allowed the investigator to enter pertinent search terms including “property tax reform” and “school finance reform” to obtain a list of relevant news articles from the state’s two major news dailies, the *Burlington Free Press* and the *Rutland Herald*. Hard copies of these articles were obtained at the Library of Congress in Washington, D.C. As noted earlier, approximately 600 newspaper articles covering the period from 1992 to 1997 were collected and reviewed. Information gleaned from these articles was entered into a detailed 30-page case chronology database that included the following analytic components by date: 1) key events, 2) key actors; 3) analysis of events; and 4) information source.

Yin (1994) gives a useful warning about the potential for bias and inaccuracy in documentary evidence when he notes that “...documents must be carefully used and should not be accepted as literal recordings of events that have taken place” (p. 81). To help ensure the reliability and validity of primary source documents used in this research, a series of questions suggested by Merriam (1998) were used to evaluate all primary source documents for their accuracy and authenticity. Merriam’s questions included the following:

- What is the history of the document?
- Is the document complete, as originally constructed?

- Has it been tampered with or edited?
- If the document is genuine, under what circumstances and for what purpose was it produced?

Answers to these questions, along with key information such as a document's date, title, summary, and relevance rating were compiled in a database that comprised 283 primary source documents. The use of Merriam's analytic device allowed the documents to be systematically inspected so as to help detect bias and error.

While documentary materials are particularly helpful to case study researchers because they "ground an investigation in the context of the problem being investigated," these documents are generally produced for reasons other than the research underway (Merriam, 1998, p. 126). As a result, they may not specifically address the research question at hand. Given this shortcoming, we turn to interviewing as another important source of data collection.

Obtaining Interview Data

Bogdan and Biklen (1998) describe interviewing as "a purposeful conversation... that is directed by one in order to get information from the other" (p. 93). Because interviews generated a large portion of the data for this study, specific details relating to sample selection, procedures for soliciting informants, instrumentation, interview recording and data storage, and confidentiality are outlined in the following sections.

Sample Selection

A combination of purposeful and snowball sampling (Patton, 1990) was utilized for this research study. Purposeful sampling refers to the selection of "information-rich" participants as key informants. According to Patton (1990), "information rich" settings "are those from which one can learn a great deal about issues of central importance to the

purpose of the research” (p. 169). An initial interview pool of potentially “information rich” participants was derived from primary and secondary source document reviews. During these initial interviews, participants were asked to identify other potentially knowledgeable informants for possible inclusion in the study (Bogdan & Biklen, 1998; Merriam, 1998). This “snowball” approach helped to unearth knowledgeable “behind the scenes” informants such as legislative assistants and state agency staffers who were neither publicized in newspaper reports nor noted in government documents.

Following Geary’s (1992) approach, this study employed five criteria to select study informants. The first criterion was proximity to or involvement in the decisionmaking process. Murphy (1980) recommends that potential informants be grouped into two broad categories: “key informants,” who are reliable and central to the process; and “regular interviews,” who may be more secondary to the process but provide a useful perspective on the issue at hand. To this end, criteria for the selection of informants emphasized centrality to the policy process without discounting Allison’s (1971) notion that interviews with those occupying various positions across the policymaking system provide depth and perspective to a case study.

The second criterion was diversity of perspectives. Building on the premise that policymaking is a pluralistic process where competing interests vie for advantage, informants who can “portray competing stands, disparate goals, and varied vantage points” (Geary, 1992, p. 74) were sought for this research study. Key to this sampling approach was the ability to obtain confirming and disconfirming data from a variety of policy stakeholders. Confirming and disconfirming data are sources of “rival interpretations as well as a way of placing boundaries around confirmed findings”

(Patton, 1990, p. 178). Given the provocative and politically charged nature of the topic under study, it was important to pursue interviews with people representing a variety of stances with regard to the school funding issue. To that end, 21 interviews were conducted with legislators, legislative staff members and consultants, state agency staffers, newspaper reporters, governor's cabinet members and representatives from key lobbying groups occupying a variety of positions and stances within the political system so as to gain a multi-faceted impression of the policymaking process that led to the passage of Act 60.

The third selection standard was reputation for knowledge and candor. During initial interviews, recommendations were sought for additional knowledgeable informants who were willing to speak candidly about their involvement in and knowledge of the Act 60 policymaking process. This fruitful process yielded interviews with at least eight informants not previously identified through prior research.

The fourth and fifth standards were accessibility and willingness to participate. Marshall and Rossman (1999) recognize that not all policy actors are able or willing to make themselves available for research inquiries. In such instances, the authors recommend that the researcher "move on," but account for any potential gaps in data collection. Vermont's unique political traditions, especially its low legislator to citizen ratio, means that the state's politicians are used to frequent, informal encounters with their constituents. They are expected to be highly accessible and, overall, proved quite amenable to requests for interviews. However, not all informants contacted agreed to participation. Requests for interviews were sent to 30 informants from a variety of positions within the policy system ranging from advocacy group members to politicians

to reporters. Of the 30 informants contacted, nine either declined the request or never responded to the request. Out of those nine, three would be considered “key” informants, including one member of an advocacy organization, one Senate member and one House member.

Interviews for this research study were conducted in two phases during two trips to Vermont in May and June of 2010. Nineteen of the interviews were conducted in person and two were conducted over the telephone because of geographical considerations. Interviews generally lasted between 60 and 90 minutes and utilized a semi-structured interview format.

Procedures for Soliciting Informants

Potential informants were contacted via e-mail to solicit their participation and to briefly introduce them to the study. If the informant proved receptive to being interviewed, this initial contact was followed up with a subsequent email or telephone call asking to establish a time and place for an interview. Once the interview details were set, informants were emailed a packet containing additional information about the study. The packet included an informed consent form, a description of the case study, and a case chronology developed from primary and secondary document sources (see Appendices B, C and D).

Due to the “elite” nature of many of the study’s informants, access was a particularly salient issue. While elite respondents often possess a wealth of knowledge, the researcher must often be persistent and flexible in getting them to agree to sit for an interview (Marshall & Rossman, 1999; Aberbach & Rockman, 2002). As noted above, Vermont’s political culture significantly facilitated entry into the research site. Low key

and highly approachable, informants generally proved more than willing to offer their recollections and insights into the policymaking process that produced Act 60. However, flexibility proved to be a critical asset in garnering interviews. To facilitate the busy schedules of “elite” informants, interviews were conducted in a wide variety of locations and settings. Over the course of two visits to Vermont in the spring of 2010, the researcher conducted interviews in nine towns across the state. Depending on the availability and preferences of informants, these interviews were conducted in a variety of settings, including cafes, backyards, restaurants, offices and personal homes.

Instrumentation: Construction of Interview Guides

The passage of Act 60 was a culmination of many years worth of work for advocates of school finance reform in Vermont. As such, many actors moved in and out of the decisionmaking process over time. Some of these actors may be described as key participants, while others may have possessed valuable, yet limited or second-hand knowledge of the process and decisions leading up to Act 60’s approval. In light of this varying range of involvement, construction of the interview guide followed both Murphy’s (1980) and Geary’s (1992) recommendations regarding the use of formal and informal interviewees.

Interviews with informal or less proximate policy actors were conducted utilizing an open-ended, more broadly constructed interview guide (see Appendix E). This interview guide was designed to recognize interviewees’ “varying experiences and proximity to the policymaking process” (McCarthy, 2003, p. 53). These interviews helped to situate the policy issue within the larger context of state education

policymaking in Vermont and assisted with the identification of key policy actors, their goals, and coalitions.

Interviews with those policy actors identified as key informants were conducted utilizing a more formal, semi-structured interview guide. This interview guide was comprised of a detailed series of questions that were derived from the overarching research question and subquestions outlined in Chapter Two (see Appendix F). The instrument was sufficiently structured to focus the conversation across informants, but was also flexible enough to allow informants the opportunity to “express their own understandings in their own terms” (Patton, 1990, p. 205).

Leech (2002) recommends the use of both planned and informal follow-up questions (known interchangeably as prompts or probes) when conducting interviews. In her opinion, prompts serve two important purposes. First, they help to elicit more detailed data by “keeping people talking” after an initial response; and second, they help to refocus the interviewee when their answers start to “turn to mush” by becoming too vague (p. 667). A variety of planned prompts, derived from the arena model’s analytic categories, were included on the interview guides and were employed as needed given the breadth and detail of the informants’ initial responses.

Unlike planned prompts, informal prompts are utilized spontaneously throughout the course of the interview. These prompts not only solicit additional information but also facilitate a smoother conversation between the interviewer and his or her respondent. Murphy (1980) outlines four specific types of interview probes. The first probe seeks clarification by asking informants to repeat or restate their responses. The second probe encourages elaboration by seeking further examples of the topic at hand. A third probe

seeks to provide encouragement through subtle verbal cues such as “yes” and “uh-huh” inserted into the dialogue. These cues keep the respondent talking by demonstrating the interviewer’s engagement. Murphy’s final probe is silence. Murphy maintains that small periods of silence allow the informant to gather thoughts and elaborate on previous statements. Such information might have been missed if the interviewer rushed to fill the void with another question. Informal prompts were added where appropriate as a means to elicit richer responses.

The instruments were piloted with knowledgeable, yet not necessarily key, actors identified through primary and secondary document review to help assess the quality of the interview guides as data collection instruments (Merriam, 1998). Instrument quality was assessed by asking the following questions: Do the instruments elicit detailed descriptive data? Does the question sequence make sense? Do questions seem to be missing? Are questions worded to obtain good data? (Merriam, 1998). The pilot interviews were deemed successful because they: 1) elicited rich, original data not previously obtained through document review; 2) provided contacts for additional informant interviews; and 3) allowed the researcher to hone her interviewing skills.

Recording and Data Storage

With the permission of the informant, interviews were digitally recorded. In addition, researcher notes were taken while the interviews were being conducted. These notes served as the basis for an interview debriefing memo completed after each interview and as an emergency backup in the event that the tape recorder malfunctioned. All informants were informed of their right to turn off the tape recorder at any point during the interview session. However, none requested that the researcher do so.

All audio recordings of informant interviews were transcribed in their entirety. Both the digital audio recordings and transcripts were maintained in a password-protected computer. Researcher notes and debriefing memos corresponding to informant interviews were stored under lock and key in traditional filing cabinets. A backup set of digital interview recordings were downloaded to a memory stick and kept in a secure location to serve as an emergency backup. In addition, to help ensure informant confidentiality, data files were labeled using a coding system known only to the researcher.

Informant Confidentiality

Yin (1994) argues that informant anonymity and confidentiality are commonly justified when a case study topic is controversial. Indeed, the issue of school finance reform in Vermont had been a particularly heated topic for many years leading up to the passage of Act 60 (and for many years after as well). To promote candor and accuracy, assurances of confidentiality were granted to study informants. In the case report, informant identities were concealed. Policy actor identities, however, were a matter of public record. Thus, actors were identified by name in the case report. However, the names of informants who agreed to be interviewed for this study were not disclosed and their quotations are referenced by numeric code, not by name or identifying trait.

Procedures for Data Analysis

According to Marshall and Rossman (1999), “data analysis is the process of bringing order, structure, and interpretation to the mass of collected data” (p. 150). In qualitative research, the process of data analysis often occurs concurrently with data collection in a reflexive, iterative manner. In this process, each piece of data is assessed

individually and then as part of an aggregate collection. Creswell (1998) refers to the process as a “data analysis spiral” (p. 142).

Maxwell (1996) divides data analysis into three major processes: memoing, categorizing, and contextualizing (p. 78). Memoing both captures and stimulates analytic insights by forcing the researcher to sit down and reflect upon emergent findings and how they relate to larger substantive and theoretical issues (Bogdan & Biklen, 1998). Two types of memos were written for this research project. First, memos were written after the review of pertinent background documents to develop a case chronology and to identify key actors and events. Second, debriefing memos were written immediately following each interview to capture the content of the interview and to record appraisals of the quality of the interviewee’s responses (e.g. clarity, detail, consistency, and plausibility), potential contribution to conceptual framework, statements of interest and future research leads.

Coding is the main process for categorizing data in qualitative analysis. According to Maxwell (1996), the goal of coding is to “‘fracture’ the data and rearrange it into categories that (a) facilitate the comparison of data within and between these categories; and (b) aid in the development of theoretical concepts” (p. 79). Coding categories were derived from a variety of sources, including the conceptual framework and related research questions, recurrent themes found in interviews, and the theoretical perspectives which undergird the model guiding this study (Bogdan & Biklen, 1998). The researcher utilized the NVivo 9 computer program to code both interview data as well as primary source documents. As suggested by Miles and Huberman (1994), coding memos were written to justify and explain the creation of various codes. This strategy helped to

avoid what Maxwell (1996) refers to as “context stripping” (p. 79) whereby the researcher forgets the significance of the codes that have been applied to the research data.

Rather than “fracturing” data as is done throughout the coding process, contextualizing seeks to embed data in a larger context of understanding. For the purposes of this research study, the main contextualizing strategy was the writing of the case study narrative. Writing the case narrative required the researcher to look across the constructs of the conceptual framework to make sense of, or to contextualize, the data. The ultimate goal of this process was to present a “holistic picture” of the case at hand (Merriam, 1998, p. 194). To this end, the case narrative comprised the following elements: 1) an initial characterization of the policy setting and context for the issue debate; 2) a discussion of relevant actors, their goals, motivations, resources, and influence strategies; 3) an explanation of the policymaking process utilizing the revised arena model; and 4) a discussion of the model’s utility with regard to the issue of court-mandated school finance reform. Importantly, contextualizing allowed the researcher to aggregate data in search of confirming and disconfirming data to derive case findings. Through this process, for every emergent theme, confirming and disconfirming evidence was sought until the researcher was satisfied with the merit of a particular conclusion. As themes came together to form wider accounts and interpretations, the process was repeated. Any and all disconfirming data, rival interpretations, and insights beyond the conceptual framework were noted and accounted for in the case study narrative through the inclusion of chains of confirming and disconfirming evidence.

Validity: Checks for Bias and Error

This research project employed several processes endorsed by noted qualitative researchers to help ensure that the research meets established standards for rigor. Chief among these are credibility, transferability and dependability (Lincoln & Guba, 1985, in Creswell, 1998).

Credibility

Traditionally, internal validity has attempted to assess whether a study's findings are consistent with reality. Guba and Lincoln (1987) note that within the scientific paradigm, internal validity depends on "the degree of isomorphism between the study data and the phenomenon to which they relate" (pp. 104-05). However, because of their epistemological views that reality is dependent upon the perceptions of individuals, this traditional definition has proven problematic to naturalistic researchers. As a result, for many scholars, evaluating internal validity in the qualitative realm has come to mean assessing the *credibility* of both informant accounts and researcher interpretations. The literature on qualitative research suggests a number of strategies for determining credibility. The strategies employed for this research included: triangulation, disconfirming case analysis, member checks, peer review, assessing subject credibility, and acknowledgement of researcher orientation (Creswell, 1998; Yin, 1994; Merriam, 1998; Guba & Lincoln, 1987, Goetz & LeCompte, 1984).

Triangulation is the process whereby multiple data sources are used to develop "converging lines of inquiry" (Yin, 1994, p. 92). By using multiple sources to confirm a finding, the researcher seeks to avoid bias and distortion (Maxwell, 1996). This study employed triangulation through the collection of data from a wide variety sources. In

terms of triangulation methodology, corroboration was sought both among interview informants and across data sources (Geary, 1992). Extensive primary and secondary source data greatly facilitated the triangulation of informant data. On repeated occasions, the researcher could corroborate informant accounts with both secondary source newspaper accounts as well as the actual primary source document referenced by both the informant and the newspaper. In terms of triangulation among interview informants, reviewing informant statements grouped by code allowed the researcher to assess the consistency of informant statements with regard to any one data point.

Disconfirming case analysis requires the search for rival explanations or disconfirming evidence. According to Maxwell, (1996), the basic principle behind disconfirming case analysis lies in the examination of “both the supporting and discrepant data to assess whether it is more plausible to retain or modify the conclusion...” (p. 93). In short, the researcher must resist the temptation to ignore data that does not fit with inferences being developed. For this study the search for disconfirming evidence and rival interpretations was conducted through an iterative approach to data analysis. This process meant returning again and again to the body of original data to ensure that tentative assertions continued to hold and that the strength of the research assertions coincided with the strength of the research data. For this study, tentative assertions were logged into a researcher journal and reviewed repeatedly to ensure they maintained their veracity in the face of additional data and subsequent analyses.

Member checks require that the researcher verify data content and interpretations with the source, particularly if data are obtained through interviews or observations. This verification step builds in yet another method for catching missed or misconstrued

perspectives by both the researcher and the data source throughout the duration of the study.

Peer review, also known as collegial review, is yet another strategy for enhancing internal validity. Peer review acts as a helpful check against what Goetz and LeCompte (1984) term “observer effects” where the researcher’s findings become distorted as a result of either too much or too little time in the field. As Murphy notes, “[t]he fresh eye of a neutral colleague... can identify problems with the data and interpretations that someone knee-deep in the analysis cannot see” (p. 71). For this research, the dissertation committee has been relied upon to serve in the capacity of both a “fresh eye” to check the basis for inferences and as a “devil’s advocate” (Lincoln & Guba, 1995, in Creswell, 1998) to test the strength of rival interpretations and to provide feedback regarding the construction and interpretation of the case narrative.

Just as researcher credibility must be verified through processes such as member checks and peer reviews, so too must *participant credibility* be evaluated. Goetz and LeCompte (1984) caution that “informants may lie, omit relevant data, or misrepresent their claims” (p. 224). In highly politically charged situations, this concern is particularly relevant. Given the potential unreliability of participant information, the researcher must establish criteria by which to examine its credibility. In conducting this study, several steps were taken to help minimize “informant effects.” First, the purposeful sampling procedure allowed the researcher to focus on those informants reputed to be most knowledgeable about the policymaking process that led to the enactment of Act 60. Second, assurances of confidentiality to study participants were employed in an effort to promote candor. Third, written post-interview assessments of informant data were

conducted (see Appendix G). Murphy (1980) suggests applying a number of tests to interviewee data so as to “gauge the level of confidence that can be placed in each account or observation” (p. 69). Specifically, he recommends testing for: 1) the plausibility of the data; 2) the consistency of the data; 3) the level of certainty present in the data; 4) the level of detail present in the data; 5) the interconnectedness of facts, actors, meanings, and contexts; 6) the proximity of the informant; and 7) the informant’s overall reliability as a data source. Informant assessments were completed as soon after concluding the interview as possible so as to ensure that recollections and appraisals were as fresh and accurate as possible.

According to Hess (personal communication, in Maxwell, 1996), “validity in qualitative research is not the result of indifference, but of integrity” (p. 91).

Acknowledgement of researcher orientation is the final strategy cited by the literature for promoting credibility in a study. To Merriam (1998), acknowledging researcher orientation means “clarifying the researcher’s assumptions, worldview, and theoretical orientation at the outset of the study” (p. 205). This study’s conceptual framework outlined in Chapter Two helps to familiarize the reader with the study’s theoretical orientation, including its assumptions and shortcomings as an analytic tool.

Transferability

Transferability, adapted from the scientific paradigm’s notion of external validity, relates to a study’s generalizability, or “the extent to which the findings of one study can be applied to other situations” (Merriam, 1998, p. 207). Traditional notions of external validity have proven problematic for naturalistic researchers who do not use statistical sampling or set a priori conditions for comparability (Marshall & Rossman, 1999). As a

result, the concept of external validity has been reconceptualized in qualitative inquiry. Although various terms have been coined, transferability generally relies on the use of “thick description” and conceptual frameworks as the basis for generalizing findings (Creswell, 1998; Yin, 1994).

Stake (1995) notes that “*thick description*” conveys to the reader “what experience itself would convey” (p. 39). It is theorized that given sufficient description, “critical readers” can determine for themselves to what extent the conditions involved in the case under study can be compared to their particular circumstances (Schofield, 1990). This study endeavored to utilize “thick description” not only to describe the setting of the case under review but also to describe the theoretical framework employed in the study to contextualize and substantiate analytic claims.

Yin (1994) notes that case study’s inability to generalize in conventional terms has served as a “major barrier” to the acceptance of its findings within the traditional research community (p. 36). However, he attributes this “barrier” to a generally incorrect understanding of external validity as it relates to case study. He argues that, rather than statistical generalization, case study researchers must aim for *analytic generalization* where the researcher strives “to generalize a particular set of results to some broader theory” (Yin, 1994, p. 36). By employing Mazzoni’s arena model as a structuring heuristic, this research study provides the reader with detailed, in-depth information that speaks back to the ability of the analytic framework to explain the policy process under examination.

Dependability

Dependability, traditionally referred to as reliability in the positivist paradigm, relates to the extent to which a study's findings can be replicated (Marshall & Rossman, 1999). Because qualitative research seeks to examine phenomena in their natural environment, the control necessary for strict experimental replication is impossible to impose. Given this situation, reliability in the qualitative realm has become associated with dependability and consistency. Researchers aim for consistency in the data collection and analysis process through the use of specified data collection instruments (Yin, 1994) and established analytic constructs such as conceptual frameworks or coding categories (Goetz & LeCompte, 1984).

The ultimate goal of consistency is the ability of another researcher to arrive at similar conclusions given the data collected and the analytic framework applied. Guba and Lincoln (1987) refer to this goal as "auditability" and comment that it "requires simply that the work of one evaluator (or team) be tested for consistency by a second evaluator or team, which after examining the work of the first can conclude, 'Yes, given that perspective and those data, I would probably have reached the same conclusion'" (pp. 123-34). This study helped to ensure dependability through the announcement of the investigator's position vis a vis her study, triangulation, and the use of an audit trail (Merriam, 1998; Yin, 1994; Marshall & Rossman, 1999; Maxwell, 1996).

Merriam (1998) believes that investigators should be up front about their *position or general orientation* towards their study. This process entails revealing the basic assumptions and principles upon which the study is based. Given that the qualitative researcher serves as the primary instrument through which data are secured, analyzed,

and interpreted, an understanding of a researcher's orientation towards the topic is particularly important. Goetz and LeCompte (1984) offer five strategies for making researcher assumptions known. These strategies include pronouncements of "researcher status position, informant choices, social situations and conditions, analytic constructs and premises, and methods of data collection and analysis" (p. 214). This dissertation contains essential information concerning: 1) the involvement and the orientation of the researcher; 2) the rationale for selecting the informant pool; 3) the literature and associated assumptions upon which the study's theoretical framework is based; and 4) a detailed description of how study data were collected and analyzed.

As with credibility, *triangulation* is also an integral part of ensuring dependability in that the use of multiple data sources helps to ensure consistency of findings across data types (Maxwell, 1996). That triangulation is an essential component of both credibility and dependability speaks to the importance of a sound internal design whereby conclusions may be drawn from what Yin (1994) terms the "chain of evidence." A chain of evidence allows a reviewer "to follow the derivation of any evidence from initial research questions to ultimate case study conclusions" (p. 98) through clear cross-referencing from the case study data base to the case study report.

A third strategy for promoting reliability is the maintenance of an *audit trail*. To create an audit trail, this study followed Yin's (1994) suggestion that the investigator create a case study database. For the purpose of this study, three case study databases were constructed. The first database included primary source documents retrieved from the Vermont state archives. Notes on 283 documents deemed relevant to the case study were compiled into a 300-plus page Microsoft Word file. This file was subsequently

imported into the NVivo 9 data analysis program where all primary source document notes were coded in accordance with a coding system derived from the study's conceptual framework. Written transcripts from the study's 21 interviews were also imported into the NVivo 9 data analysis program and were also coded using the same coding system utilized for the primary source documents. Finally, information gleaned from the review of approximately 600 newspaper articles covering the time period between January 1992 and June 1997 was compiled into a detailed 30-page case chronology that highlighted relevant actors, key issues and analyses of events.

Regarding the utility of such a case study database, Marshall and Rossman (1999) comment "by planning to keep all collected data in well-organized, retrievable form, researchers can make them available easily if the findings are challenged or if another researcher wants to reanalyze the data" (p. 195). Thus, this data aggregation not only makes the verification of analytic interpretations easier, but also provides easy access to those seeking to scrutinize case study findings.

Ethical Considerations

Given the importance of ethics in research generally and the case study approach more specifically, a number of safeguards were built into this research design to promote an ethical and even-handed approach to the study of a value-laden policy issue. While many of these safeguards have already been mentioned elsewhere in this chapter, their centrality to the research process makes them worth reiterating. First, the researcher obtained informed consent from all study participants. Second, the researcher provided informants with the opportunity to decline participation at any time during the research process. Third, the researcher honored assurances of confidentiality at all times. Fourth,

the researcher provided informants the opportunity to decline audio recording. If in the course of an interview an informant requested that a comment be “off the record,” these statements were not reported in the study’s findings or included in the case analysis. Finally, informants were offered the opportunity to review interview transcripts and case accounts emanating from this project.

In terms of personal conduct, the researcher endeavored to uphold a high level of integrity throughout all phases of the research process. She maintained confidences and provided a complete account of all steps undertaken in the course of developing research conclusions. In that respect, she followed Merriam’s (1998) recommendations of clarifying and describing her own limits and level of familiarity with the case. In addition, when uncertainty arose with regard to substantive aspects of this study, she consulted the committee chair guiding this research project.

Chapter Summary

This chapter, focusing on research design and methods, first justified the use of case study as an appropriate research strategy and established its applicability to the Vermont setting. It then explained how research for the case would be carried out and included information on data gathering and analysis measures. Next, the chapter discussed the steps that were taken to ensure rigor in the research process through procedures that foster credibility, transferability and dependability. The chapter concluded with a discussion of the important ethical safeguards built into the study’s research design.

CHAPTER FOUR

POLICYMAKING CONTEXT AND ISSUE BACKGROUND

The purpose of this chapter is to provide a general description of the policymaking context and the issue background that shaped the development and subsequent adoption of Act 60 in Vermont.¹¹ This chapter is organized into four sections. The first section describes the general cultural norms, values and traditions, economic forces, and political culture of the policy environment. The second section describes the institutional features of Vermont's policymaking system, including its structure, composition and rules. This chapter's third section identifies the relevant interest groups that typically seek to influence school finance policy in Vermont. Finally, the fourth section of this chapter presents background information on the history of school finance reform at both the federal and state levels to help explain and contextualize the environmental pressures for change placed upon the policy subsystem in the years preceding the case analysis' period of study.

Cultural, Economic and Political Features of the Vermont Policy Environment

According to Easton (1965), the political system is embedded within a society's larger socioeconomic and political environment. Within this larger environment, citizens identify problems and seek political solutions. However, as Geary (1992) notes, "[b]ecause any political system is designed and confined by its host environment, the state legislative system is understood only in context" (p. 94). This section provides

¹¹ Data for this chapter were derived from scholarly works relating to Vermont's political, social economic and educational history, relevant press accounts, and informant interviews.

information on Vermont's cultural, economic and political heritage as a means to understand its unique political institutions and traditions.

Cultural Norms, Values and Traditions

Renowned for its physical beauty and storybook villages, Vermont is the embodiment of rustic charm. Located in the northeast corner of the United States, much of Vermont's sparse population clusters in approximately 240 rural towns nestled throughout the state's mountainous terrain. With just 609,000¹² people scattered over 9,614 square miles, Vermont is the 43rd largest state in terms of land area and 48th largest state by population. It is the only New England state that does not border the Atlantic Ocean. The Green Mountains run virtually unbroken up the middle of the state from its southern border with Massachusetts to its northern border with Quebec, Canada. They once formed a significant barrier to travel between eastern and western Vermont.

In terms of demographics, Vermont is one of the nation's most homogeneous states. According to the 2000 census, over 96 percent of the state's citizenry categorizes itself as white, a significantly higher percentage than the national average of 75 percent. A full quarter of the state's residents claim French Canadian heritage. As a whole, Vermonters are better educated than the national average, with 86.4 percent of adults having obtained a high school diploma versus the national average of 80.4 percent and 29.4 percent of adults having earned a bachelor's degree versus the U.S. average of 24.4 percent. Despite their higher educational attainment, Vermonters' median household income of \$40,856 is \$1,000 less than the national average. Approximately 25 percent of

¹² All statistics for this section are obtained from the 2000 U.S. census. They are meant to serve as a close proxy for the demographics of the state in 1997, the year the Vermont legislature passed Act 60.

Vermonters adults are employed in the education health and service sectors. The manufacturing sector is the second largest provider of employment and accounts for 15 percent of Vermont's workforce. The retail sector is a close third and employs 12 percent of the state's workers. Interestingly, agriculture, a former mainstay of the Vermont economy, now employs just three percent of Vermont workers.

Approximately three quarters of Vermonters live in communities of less than 2,500. This fact makes Vermont the nation's most rural state. In the days before the interstate highway system these small mountain towns were largely cut off from one another, particularly during the state's notoriously harsh winters. This geographic isolation bred a spirit of independent self-reliance and made towns the focal point for the delivery of government services such as education, road construction, welfare, fire and police (Jain, 2000). Today, Vermonters still rely heavily on local government and revere the ideals of local control and direct democracy that are epitomized by Town Meeting Day (the first Tuesday of March) when local elections are held, laws are passed and budgets are decided by a show of hands (Shelly, 2011).

In particular, Vermonters strongly defend their right to the local control of education. To this end, the state's 105,000 students are distributed among 251 local school districts. Most towns have at least one school – some with as few as ten students. Each school board is given broad discretion in making decisions about budgets, curriculum, staffing, schedules, class size and salaries (Jimerson, 2001). Per Jimerson (2001), “[l]ocal schools are, in fact, authentically governed by community members and, therefore, are emotionally perceived as true community institutions” (p. 1).

Multiple interview informants echoed Jimerson's sentiments concerning Vermonters' particular attachment to their local schools. One informant commented: "I remember Edgar May [former senator from Windsor County] saying to me: 'You lose that school and your town will dry up.' And that's pretty much true. It's the center of the community" (Informant 10). Another noted:

I think in a small rural town your school is the cohesive piece of that village or town. Where do you go for Town Meeting? Go to the school, that's where. Where do you go for the Christmas concert? You go to your school. If you have a wedding in town, you use the school gym. If you have a funeral in town and you need a place to feed a bunch of people, you go to the school. I think it is the center of the town. (Informant 04)

Indeed, Vermonters care deeply about their local schools and consider them the focal point around which town life revolves.

The state's tradition of local control is reflected in the high proportion of local taxes used to fund schools. For example, in 1994 local funding accounted for over 62 percent of school district budgets, the third highest in the nation (Monk & Brent, 1997). Since 1864, Vermonters have relied almost exclusively on the property tax to fund the local portion of their school bill. Vermont's citizens embrace the use of the property tax because it is the only tax that is set locally (Governor's Special Commission on Property Taxation, 1989).

While fiercely independent and self-reliant, Vermonters have a progressive streak as well. The state's history of tolerance and progressive thought date to its Constitution of 1777, which was the first in the nation to ban slavery, provide universal male suffrage and require support for public education (Smallwood, 1984). This constitution was written during Vermont's brief period of independence from 1777 until 1791 when it was subsequently admitted to the union as the 14th U.S. state.

Vermont's longstanding attachment to the Republican Party is rooted in the party's abolitionist heritage (Doyle, 2005). The Democratic Party lost the support of Vermonters for the next century when it backed the Kansas-Nebraska Act of 1854, which allowed people in the territories of Kansas and Nebraska to decide for themselves whether or not to allow slavery within their borders. Strong Republican identity, reinforced by the notion that Republican philosophy meshed well with small-town rural life lasted well into the 20th century when Vermont was just one of two states – Maine being the other – that voted against Franklin Roosevelt in all four of his presidential elections (Graff, 1999).

In the period following World War II, Vermont experienced rapid population growth as high-tech firms such as IBM moved in and the interstate highway system opened up Vermont to people seeking its natural beauty and unspoiled wilderness (Smallwood, 1984). Many of these new citizens arrived from more liberal neighboring states such as New York and Massachusetts. This infusion of liberalism strengthened Vermont's commitment to progressive social causes such as the environment, poverty alleviation, universal healthcare and child welfare (Smallwood, 1984). Today, Vermont is considered among the most liberal states in the nation (Jain, 2000; Slayton, 2003; Gray, 2004).

In keeping with the state's twin embrace of small-town conservatism and social progressivism, Vermonters value civility, respect and tolerance for other points of view. Its emphasis on civility is also born of the state's diminutive size and population. Vermont's U.S. Congressman Peter Welch once noted: "There is a certain intimacy in a

small state. You respect the people you disagree with. You expect to see them down the road. And you do” (Graff, 2006, p. 85).

More than 200 years after Vermont was founded, Vermont life still embodies the values expressed in its state motto “Freedom and Unity.” Its citizens continue to prize the traditions of freedom and self-reliance born of the necessities of rural, small-town living. At the same time they are willing to join together to ensure that the most vulnerable among them are taken care of and that their unique way of life is protected for future generations.

Economic Forces

Vermont’s demographic homogeneity and rural character are a reflection of its historic economic development (Smallwood, 1984). Unlike most of its New England counterparts, Vermont was largely untouched by the industrial revolution of the late 19th and early 20th centuries. According to Nuquist and Nuquist (1966), Vermont’s mountainous topography, inadequate infrastructure, high operating expenses and distance from key markets made it unsuitable for large scale manufacturing. As a result, Vermont neither experienced the rapid industrial growth nor the influx of immigrants that other New England and Mid-Atlantic states did. As recently as the 1950s, Vermont’s economy was still technologically simple and heavily reliant on agriculture and natural resource-based industries such as dairy farming, marble quarrying and forestry. These labor-intensive, low-skill jobs left Vermont one of the poorest states in the nation (Jain, 2000).

When Vermont awoke from its economic “slumber” in the 1960s through the construction of highways linking it to other northeastern population centers, the state was transported almost immediately from a pre- to post-industrial economy. The state

received its first large-scale manufacturing operation in 1957 when IBM located its data processing division in Essex Junction; but by the 1980s, Vermont had already begun to feel the pinch of regional and international competition for manufacturing jobs (Vermont Business Roundtable, 1993a).

To compensate for its relative lack of industrial base, Vermont adopted a strategy of niche marketing and traded on the state's natural beauty and rural charm. Its "Beckoning Country" advertising campaign emphasized the state's unspoiled wilderness to attract new residents and businesses. The tourism and vacation home industry boomed and Vermont achieved rapid population growth (Smallwood, 1984).

Throughout the 1970s and 1980s, the Vermont economy experienced a dramatic upswing thanks in large part to growth in the tourism, computer, defense, construction and financial services sectors. The incomes of Vermonters grew and employment surged. By 1988, Vermont's per capita income rose to 95.3 percent of the U.S. average, a record high for the state (Vermont Business Roundtable, 1993a).

This job and income growth produced a "bonanza" in state tax receipts. Most of these new tax revenues were spent on investments in social sector programs such as education, welfare and the environment. During the period between FY 1986 and FY 1990, state aid to education alone increased by more than \$58 million, an average annual increase of nearly 20 percent (Vermont Business Roundtable, 1993a). These state aid increases were in large measure due to the legislature's passage of a new school funding formula, known as the Foundation Plan, that sought to boost the spending of high-tax, low-property wealth school districts in the state. As a result, Vermont per pupil

expenditure rose from 23rd in the nation in 1981 to 13th in the nation by 1991 (Vermont Business Roundtable, 1993a).

However, Vermont was hit hard by the recession of the early 1990s – the state’s worst economic downturn since the Great Depression (Graff, 2006). In the five years between 1989 and 1993, the state shed 20,000 jobs (Vermont Business Roundtable, 1993a). Tax receipts plummeted and the state was no longer able to fund its commitments to education outlined in the Foundation Plan developed under the administration of Governor Madeline Kunin. As a result, local property taxes began to swell as municipal governments were forced to make up for the state’s shortfall. The government shortfall proved particularly difficult for small towns lacking a commercial base such as a ski resort or a manufacturing plant. In these towns, homeowners were forced to make up almost all of the lost state funds through increases to residential property taxes.

During this period, former Governor Richard Snelling came out of retirement to run on a platform of fiscal restraint. He won the gubernatorial election of 1990 but died just seven months into his term. Lieutenant Governor Howard Dean succeeded Snelling and continued his focus of fiscal austerity (Informants 01, 15). Under his watchful eye, annual budget increases slowed dramatically (Informant 15). Gradually, throughout the 1990s the Vermont economy staged a fragile recovery. Increasingly, Vermont relied on the production of specialty goods such as ice cream, maple syrup and cheese marketed in conjunction with the state’s progressive reputation to strengthen its economic bases (Jain, 2000). However, any and all government interventions, including school finance reform measures, were viewed through the lens of “first do no harm” to the economy.

Political Culture

In his seminal work on American federalism, Elazar (1984) defines a state's political culture as "the particular pattern of orientation to political action in which each political system is embedded" (p. 109). Thus, state political cultures are born of the complex interactions of history, social culture, economics and governance structures.

Noting its strong ties to early Colonial America and Puritan political culture, Elazar characterizes Vermont as a last bastion of original "Yankeedom" that has been self-consciously preserved through its history. According to Elazar, Vermont's enduring connection to its Puritan past gives it a moralistic political culture. Vermont historians Bryan and Hallowell (1993) agree, noting that "[w]ith its citizen legislature, town meetings, and low-keyed and personalized politics, Vermont has remained the quintessential 'M,' or moralistic culture state" (p. 323). They claim that the same rural isolation that precluded the state's entrance into the industrial revolution also precluded the development of an "I" or "individualistic" political culture that dominates the majority of American states.

According to Elazar, three features of political culture are "particularly influential in shaping the operations of the state political systems within the context of American federalism" (p. 112). They are: 1) citizens' expectations of government; 2) the kinds of citizens that become active in government; and 3) the manner in which governance is practiced.

Citizens' Expectations of Government

In a moralistic culture government is generally viewed as an instrument of the people to promote the common good. Citizens expect government officials to work

earnestly on their behalf to solve issues that are of general concern. Therefore, government is judged on its ability to effect positive change in their standard of living. Politicians are expected to enter politics out of a sense of duty rather than out of a desire for personal gain. Voters place a strong emphasis on politicians' honesty, selflessness and commitment to public welfare. Political corruption is neither expected nor tolerated.

Vermont's record of social progressivism in areas such as education, welfare and the environment demonstrates its interest in acting on behalf of its citizens when it comes to quality of life issues. Jain (2000) argues that this emphasis on social wellbeing results from the preponderance of New Political Culture (NPC) legislators in the state legislature. According to Jain, members of the NPC have a "post-materialist" worldview and emphasize quality of life issues over economic interests. Jain specifically attributes the passage of Act 60 to NPC legislators responding to the educational equity issue.

This view that the government is a force for social good reflects a high level of cultural cohesion. Indeed, Vermont is 96 percent white and almost entirely U.S.-born (U.S. Census, 2000). Those newcomers who have settled in Vermont are consciously attracted to the state's unique social and political culture. Therefore, these citizens reinforce the status quo by tasking the legislature with preserving the things that make Vermont "Vermont" (Jain, 2000).

Vermonters generally assume that most politicians enter politics to make a positive difference in the lives of their fellow citizens (Gillies, 1999). Widespread participation in the political process by the state's citizens has bred a begrudging respect for the work of politicians. Per Smallwood (1984), "...the state's basic political ethos places a high priority on political involvement as a civic duty..." (p. 300). While both the

Republican and Democratic parties are competitive in the state, party identification tends to be relatively weak because personal qualities tend to trump party affiliation in the minds of Vermont's voters. Independent candidates flourish and, once in office, legislators generally chart their own political course (Smallwood, 1984). For example, Vermont's junior United States Senator, Bernie Sanders, is the nation's only self-identifying Socialist holding office at the national level.

Although moralistic cultures emphasize a trust in the basic utility of government, they can demonstrate an ambivalence with regard to the level of government that is best able to promote the common good (Geary, 1992). Indeed, Vermonters have historically placed their trust in local government to solve their problems. Since World War II, however, governance has been increasingly consolidated at the state level (Bryan & Hallowell, 1993). This centralization has been met with a decided ambivalence with regard to the ability of "Montpelier" to fix the state's problems (Informant 01). For example, a preference for local governance of schools remains strong and efforts to consolidate school districts to achieve cost savings through streamlined management structures have repeatedly been met with resistance in communities throughout the state. Writing in 2006, Vermont Commissioner of Education, Richard Cate, highlighted the state's longstanding preference for the local governance of its public schools:

People often express concern about local control when they hear talk of changing our current system of school districts. These fears have overcome concerns about efficiency and student outcomes in prior debates over the past 25 years. There have been a number of study commissions and reports that have recommended modifications to our system, but none of them has managed to convince a majority of the people of this state that we should implement comprehensive change. (p. 10)

Citizens' Participation in the Political Process

According to Elazar, moralistic political cultures are prevalent in localities with widespread amateur political participation. Vermont's 246 autonomous towns and 251 independent school districts allow for a vast network of political participation at the local level through positions on town selectboards¹³ and school boards. Consistent with the view that public office is a civic responsibility, this work is frequently voluntary in nature and is generally considered a steppingstone to statewide office.

At the state level, Vermont has a part-time, citizen legislature (Hamm & Moncrief, 2004). With an annual salary of just \$11,000, virtually all lawmakers continue in their regular occupations while serving as legislators (Rosenthal, 2004). One informant described the legislature in the following way:

They are a part time legislature. They are all representative of their community. They don't have any staff. They get paid, but only when they are meeting so nobody makes money on it. If you're a legislator, you actually lose money, you don't really know much about the issues, [and you] rely heavily on the lobbyists or the Legislative Council. (Informant 01)

An extremely low citizen-to-legislator ratio makes public officials highly accountable to individual voters and instantly recognizable within the community (Informants 13, 01, 02). Regarding this fact, one informant noted: "Our governor needs to be absolutely approachable. Our governor's phone number is in the phone book" (Informant 01). There is a "friends and neighbors" sense about Vermont's legislators that is lacking in larger states where citizen-to-legislator ratios can be significantly higher.¹⁴

¹³ A selectboard is Vermont's term for a town council.

¹⁴ For example, the citizen-to-legislator ratio in the Vermont House of Representatives is approximately 4,000 to 1 while the citizen-to-legislator ratio in the California House of Representatives is approximately 425,000 to 1 (Rosenthal, 2004).

With elected positions plentiful at both the local and state levels, the political arena is highly accessible to those seeking public office (Informants 13, 03, 7, 21).

Patterns of Citizen Participation

Elazar's third aspect of political culture relates to the manner in which governing is actually conducted. Vermont's governance style is often referred to as "personalized" (Smallwood, 1984; Bryan & Hallowell, 1993; Gray, 2004). Proulx and Jimerson (1998) note that "Vermont's small size has uniquely enabled its citizens to have direct access to elected officials and the ability to make their opinions known loudly and clearly" (p. 10). At the state level, Vermont's relatively large legislature and concomitant low legislator-to-citizen ratios engender highly personalized relationships with average citizens. One legislator highlighted this aspect of legislative life: "I only represent 4,000 people. I knock on every door in my district every two years. Even though I have no staff, I am very responsive. It is part of the job." (Informant 13). This level of constituent attention is the expected norm among Vermont's electorate.

At the local level, Vermont's use of town meetings provides its citizens with unparalleled opportunities for direct participation in the political process. At these meetings they have the opportunity to vote on local issues and make town budgeting decisions through a show of hands. This heightened interest in municipal politics extends to education where more than 1,300 Vermonters serve on the state's 254 school boards (Proulx & Jimerson, 1998).

Institutional Features of the Vermont Legislative System

Vermont's current policymaking system is a creature of the state's unique cultural, economic and political heritage. The specific decisionmaking site for this study

is the Vermont legislature, in which the Vermont Constitution places the lawmaking powers of the state, including those for education and taxation. As such, formal responsibility for the development of state school funding formulae lies with the legislature. The legislature's task in this regard is twofold: First, it must devise the formula used to deliver state aid and, second, it must also determine the type and amount of taxes to be levied to fund the formula. This section will describe the institutional features of the various branches of state government that play leading roles in Vermont's school finance policymaking process.

The Legislature: Composition

Vermont's bicameral legislative body is comprised of 30 senators and 150 representatives, most of whom are employed full time in business and professional occupations. Members of both the House and Senate are elected to two-year terms. Elections for both chambers take place in even-numbered years. Dominated by the Republican Party for the century between 1860 and 1960, Vermont has more recently emerged as a competitive two-party system with a proclivity for independents as well.

Vermont operated a unicameral legislature until 1836 when a governor's council of twelve men was replaced with a 30-person Senate apportioned by county population (Hand, 2003). Under the state's original constitution, the 246 members of the House of Representatives were apportioned using a one-vote, one-town representation scheme. The one-town, one-vote structure meant that the state's largest cities had the same voting representation in the legislature as towns with just a few hundred residents. It created an assembly that was disproportionately rural in its representation. According to Sanford and Doyle (1999), less than 12 percent of Vermont's population could elect a legislative

majority. Conversely, 50 percent of the state's population could only elect nine percent of the House. Not surprisingly, many residents of urban centers believed their interests were shortchanged in favor of the interests of their rural counterparts.

In the wake of the U.S. Supreme Court's ruling in *Baker v. Carr* (1962), the Vermont legislature was reapportioned so that it would meet the one-person, one-vote standard mandated by the court. Under the new reapportionment structure, the legislature maintained the same number of senators but reduced the number of representatives from 246 to 150. Even after the elimination of 96 seats, Vermont still possessed the second lowest legislator-to-resident ratio in the country.

In total, the 180-member general assembly provides a legislator for approximately every 3,100 Vermonters (Sanford & Doyle, 1999). As a result of these low ratios, Vermonters have become used to a very personalized style of politics (Informants 13, 21, 07, 01). Smallwood (1984) describes it as "a sort of one-on-one approach where local officials, state legislators, and even the governor are approached in village stores and post offices to hear citizen complaints and to receive advice on pending public issues" (p. 300).

Vermont's legislative reapportionment occurred at a time of huge demographic change for the state. Working in concert, these phenomena served to increase the number of young, liberal, well-educated Vermonters serving in the legislature; many in this group were born out of state (Sanford & Doyle, 1999). Between 1970 and 1990, the number of legislators born out of state increased from 35 percent to 46 percent. By 1998 – just one year following Act 60's passage – 66 percent of senators and 51 percent of representatives were born out of state (Jain, 2000). From 1970 to 1990, the number of

college-educated legislators increased from 41 percent to 67 percent in the House and from 66 percent to 87 percent in the Senate. By 1998, 86 percent of all legislators possessed a college degree (Jain, 2000). These non-native born, college-educated legislators proved to be disproportionately Democratic in their political affiliation (Jain, 2000).

Indeed, Democrats took control of the Senate for the first time in 1984 with an 18 to 12 edge. Not coincidentally, that Senate class was the first to have a majority of senators born out of state. Democrats held a majority until the 1990 election when the Senate split evenly at 15 to 15. The Republicans were able to regain control of the Senate in the 1992 election and took an 18 to 12 majority in the 1994 election. Eventually, Democrats retook the upper chamber in the 1996 election where they held a 17 to 13 majority.¹⁵

In the House, the Democrats did not achieve a majority until the 1986 election when they took a 77 to 73 advantage. After this brief stint in the majority, the Republicans regained control of the House. However, by 1992, under the leadership of Speaker Ralph Wright, the Democrats began to produce sizable majorities. In the 1992 election, Democrats held 86 seats to the Republican's 57, with four independents and two progressives. In 1994, the Democrats maintained their 86 seats while the Republicans increased their holdings to 61, with two independents and one progressive. In the all-important election of 1996, the Democrats increased their majority to 89 with 57 Republicans, three progressives and one independent rounding out the 150-member

¹⁵ The legislature elected in 1996 and seated in January of 1997 was the legislature responsible for the passage of Act 60.

chamber. This pivotal election produced Democratic control of both chambers for the first time in ten years and only the second time in the state's history.

The Legislature: Structure

In Slayton's (2003) opinion, Vermont's fundamental belief in open, accessible governance is embodied in the very structure of the statehouse itself in that the building contains very few private offices. In fact, most legislators are provided no more than a desk. Common sitting and committee rooms are almost always unlocked and open to the public. As Slayton notes, "There is no place for [legislators] to hide (should they want to); the building forces them to do their business in the open" (p. xi).

The 150-member House of Representatives is presided over by the Speaker of the House – the most powerful legislator in the state according to Hand (2003). The Speaker is elected the first day of each new biennial session. He or she is voted into office by the entire House and can be from any party, not just the majority party. In recent history, Democratic Speaker Ralph Wright presided over multiple Republican-majority biennia. The Speaker appoints members to the House's 15 standing committees. The ability to appoint members to standing committees is a key source of the speaker's power in that these appointments will shape the entire tenor of the upcoming legislative session (Rosenthal, 1998; Hamm & Moncrief, 2004).

The 30-member Senate is presided over by the President Pro Tempore. On the first day of each new session the Senate elects the President Pro Tempore, a secretary and a third member of the Committee on Committees. The Committee on Committees, which also counts the lieutenant governor as a member, is responsible for apportioning members to each of the Senate's 12 standing committees. As in the House, the ability to appoint

standing committees is also a key source of institutional power for the members of the Senate's Committee on Committees.

The emergence of competitive political parties in the 1960s and 1970s led to the creation of the majority and minority party leadership positions in both the House and Senate. These positions are elected by their respective party caucuses and play key roles in marshaling support and counting potential votes for their party's legislative agendas. Vermont's legislative caucuses are unusual in that their meetings, where they discuss policy positions and party strategies for managing bills, are open to the public (Sanford & Doyle, 1999).

The legislature is in session each year from early January through mid-April, although sessions can run into June. Committee assignments are given out the first week of the biennium's first session. Because the Vermont legislature relies heavily on its committees to consider the merits of bills, legislative leaders make efforts to align a legislator's committee assignments with his or her areas of interest and expertise. In addition, legislative leaders make a point of naming key allies to powerful committees such as the Ways and Means, Finance and Appropriations Committees (Francis, 1989).

Early in each legislative session, sponsors introduce bills into the legislature. With the exception of spending bills, which must start in the House, bills may originate in either the House or Senate. A bill is introduced through a first reading that entails the bill's title being read into the legislative record. The bill is then assigned to the appropriate committee by either the Speaker of the House or the Senate's Committee on Committees, depending on the chamber in which the bill originated. The power to assign bills to various committees is another key source of positional power for the Speaker of

the House and members of the Committee on Committees in the Senate (Rosenthal, 1998).

Once a bill arrives in committee, the committee may decide to hold hearings where they invite lobbyists and members of the public to provide information and express opinions. The committee members listen and then make their desired changes to the bill through the mark up process. Once that task is completed, the committee may pass the bill out of committee favorably, unfavorably or without recommendation. Generally, just a fraction of the bills that are assigned to a committee each year are considered for further action. Committees wield vast discretion with regard to the bills they choose to review. According to Francis (1989), the chair's agenda-setting ability is a key source of positional power. In this capacity, the committee chairperson not only controls which bills will come up for discussion but also the order in which they will be dispatched. Important bills get taken up first while bills not on the chair's agenda can languish. In a legislative session with limited time, the ability to prioritize key pieces of legislation is a powerful asset for committee chairpersons.

After the bill has passed through all the necessary committees, it is placed on the notice calendar and sent to the floor for a second reading. After the second reading, the bill is debated and amendments are introduced. When a legislator decides there has been sufficient debate, he or she can call for a vote. If the bill passes, it is put on the notice calendar for a third reading. After the third reading, additional debate may occur but no amendments can be made. At the conclusion of debate, the bill is voted on for a second time. If it passes, it is sent either to the governor or to the other legislative chamber for further action. Because school finance reform bills outline plans for government financial

aid to education, they always originate in the House where they are assigned to the Ways and Means Committee, move to the Senate where they are taken up by the Senate Finance Committee, and then finally make their way to the governor for his or her approval or veto. Legislators interested in matters of school finance often seek out positions on these powerful committees.

Because they are considered “citizen-legislators,” Vermont’s representatives and senators do not possess their own professional staffs. Rather, the entire legislature shares a small staff of legal and financial experts to assist with the legislative process. The Legislative Council was established in 1965. Its 15 professional staffers assist legislators with legal research, policy analysis, and legislative drafting. The Joint Legislative Committee, comprised of the Senate President Pro Tempore, the Speaker of the House and three appointed members from each legislative chamber, supervises the work of the Legislative Council.

The seven-member Joint Fiscal Office, established in 1974, has three basic functions: 1) to furnish financial research and secretarial services to the House and Senate Appropriations Committees, the Senate Committee on Finance, and the House Ways and Means Committee; 2) to review the fiscal operations of the state; and 3) to project state revenues. The Joint Fiscal Committee, comprised of the chairs of the Senate and House Appropriations Committee, the Chair of the House Ways and Means Committee, the chair of the Senate Finance Committee and three appointed members from each legislative chamber, supervise the work of the Joint Fiscal Office. According to Sanford and Doyle (1999), the information provided by the legal and financial experts of the

Legislative Council and the Joint Fiscal Office “...provide a counterpoise to the technical information traditionally supplied by lobbyists and special interests” (p. 45).

Mathis (1999) comments that the Vermont legislature is the “key player” in education policymaking at the state level and school finance is an area of special interest. The number of school finance-related bills being introduced by lawmakers has increased over the last several decades. Legislators interested in matters of school finance reform are eager to be placed on House Ways and Means Committee and the Senate Finance Committee which are each respective chamber’s legislative committee responsible for devising the taxing structures and distribution formulas used in state aid to education programs.

The Governor

Like all statewide elected officials, the governor is elected to two-year terms in even year elections. Vermont is only one of two states with a two-year term governor. There are no term limits (Hand, 2003). The governor presides over a cabinet with representatives from eight agencies: administration, environment, human services, development, transportation, public protection, education and agriculture. With all of these agency heads and many of their staff serving at the pleasure of the executive, the governor has access to a significantly larger staff than his or her legislative counterparts.

Although only serving two-year terms, the governor’s extended tenure potential means that any individual office-holder can remain in office long enough to inaugurate organizational change and install policy preferences. For example, Governor Howard Dean served six consecutive terms as Vermont’s governor. By the time he signed Act 60

into office, he had already been governor for five years and would remain in office for an additional six years.

The constitutional powers of the governor are enumerated in Chapter 2 Article 20 of the Vermont Constitution and have been essentially unchanged since 1835. The governor may commission officers and fill vacancies, represent the state outside of Vermont, introduce business before the General Assembly, grant pardons, mitigate fines, and implement the laws enacted by the legislature. The governor also has the power to veto legislation, call special sessions and develop the annual state budget. Additionally, he or she serves as commander in chief of the state's National Guard.

As with governor's of other states, Vermont's governor sits at the top of the state's political and governmental hierarchy. He or she is generally viewed as the state's most powerful single politician. Governors possess both personal and institutional powers that assist them in carrying out their gubernatorial responsibilities. According to Beyle (2004), "[r]easons for strength can derive variously from personality, personal wealth, electoral mandate, party or interest group structure, state statute, or the formal powers of the office itself" (p. 205).

While a governor's personal powers are bound to vary from officeholder to officeholder, the institutional powers of Vermont's governors are consistently rated as among the nation's weakest (Beyle, 2008). Vermont's governor is hindered by state rules that call for the separate election of the lieutenant governor, two-year terms of office for all statewide elected officials, the legislature's unlimited ability to change the governor's annual budget, and the lack of a gubernatorial line item veto. However, despite these institutional weaknesses, Vermont's governors have traditionally derived a substantial

amount of power from the personal relationships they cultivate with their citizenry (Informant 01). In Smallwood's (1984) opinion, "...the key ingredient that has shaped the course of Vermont's postwar politics is to be found in the leadership qualities that individual governors have brought to their office" (p. 304).

The governor's placement atop the apex of Vermont's political structure is a relatively new phenomenon. Prior to the 1960s, the position of governor was generally considered to be ceremonial and without significant powers. In a tradition known as the Mountain Rule, established Republicans from either side of the Green Mountains took turns as governor as an honorarium for their years of public service (Fitzhugh, 1999; Graff, 2006). The change from this traditional executive model was spurred by three mutually reinforcing factors: 1) legislative reapportionment; 2) regional immigration; and 3) the arrival of competitive two-party politics.

Before reapportionment, localism was reinforced through the one town, one vote system that allocated a representative to each of Vermont's 246 towns and cities, regardless of population. As a result, citizens expected very little from state-level government (Smallwood, 1984). In the wake of reapportionment, however, citizens from cities and larger towns gained a greater voice in the state legislature. In Gillies' view (1999), "[t]he natural conservatism of small places gave way to the liberalism of urban and suburban places, and the political character of the legislature and Vermont changed significantly" (p. 565). In keeping with liberal political traditions, citizens increasingly looked to the state for assistance with important social and economic issues.

Power and expectations for state government also increased throughout the 1960s as Vermont experienced an influx of citizens from other localities more amenable to

proactive state governance. According to Smallwood (1984), while these newcomers paid homage to small town values, "...they really viewed state government as the vehicle that could protect and preserve Vermont's natural beauty and provide modern, efficient, streamlined programs to replace and enhance the more limited town services" (p. 299). These new Vermonters spurred a fundamental shift in the state's underlying political values.

Finally, the election of the state's first Democratic governor helped to put an end to laissez faire state governance in Vermont. Declaring a break from Vermont's Republican past, Philip Hoff aligned himself with the popular Democratic President John F. Kennedy to eek out a narrow victory in 1962 (Graf, 2006). During his time in office, Hoff relied on plentiful state tax revenues and a cadre of progressive appointees to carve out an expanded role for state government that continues to the present day (Smallwood, 1984).

In the realm of education, Vermont's governors have historically played a limited role. However, mirroring a national trend, they are increasingly willing to insert themselves in education debates, particularly those focusing on education governance structures and school finance (Mathis, 1999). Governor Madeline Kunin (1985 – 1990) is perhaps the Vermont governor most closely associated with education reform. Throughout her term as government Madeleine Kunin had been an ardent supporter of education reform. In her 1987 inaugural speech she proclaimed school finance reform the most significant economic and social issue facing the state (Journal of the Vermont Joint Assembly, 1987). The legislature's passage of the Foundation Plan was a victory for her administration. To bolster support among legislators she added funds to the state

education budget. This increased funding was reflected in a 17 percent increase in the state's general budget for FY 1989.¹⁶ This significant annual increase came on the heels of a six percent increase in FY 1986, a 12 percent increase in FY 1987, a 13 percent increase in FY 1988. According to multiple informants, these annual budget increases were unprecedented and, ultimately, unsustainable (Informants 12, 15, 02, 15). The failure of the Foundation Plan's funding formula to keep pace with real education spending led to the filing of the *Brigham v. State* lawsuit and the subsequent passage of Act 60 (Informants 19, 17).

The Lieutenant Governor

Vermont, like approximately one-third of U.S. states, has a separately elected lieutenant governor. Elections for the lieutenant governor's two-year term are held at the same time as the gubernatorial elections. The state constitution assigns just two specific duties to the position of lieutenant governor: acting for the governor in the governor's absence and servicing as president of the Senate. As president of the Senate, the lieutenant governor is a member of the influential Committee on Committees that is responsible for appointing individuals to committees and assigning bills. Beyond these responsibilities, the lieutenant governor may become involved in policy issues that are of personal significance.

As a separately elected statewide official, the lieutenant governor has his or her own base of political support. Consequently, the lieutenant governor's policy priorities may not perfectly align with those of the governor (Beyle, 2004). Friction between the two may arise, particularly when they come from opposing political parties. Since the

¹⁶ The first year of implementation for the Foundation Plan.

1980s, Vermont has had a governor from one party and a lieutenant governor from another party approximately one-third of the time. When this situation occurs, the lieutenant governor becomes the standard bearer for the opposition party and can serve as a considerable counterweight to the power of the governor (Beyle, 2004).

During the legislative battles that preceded the passage of Act 60, pro-reform Democrats in the state legislature faced a formidable opponent in Republican Lieutenant Governor Barbara Snelling. She rallied Republican opposition through her leadership role in the Senate and utilized the bully pulpit to generate media attention aimed at blocking school finance reform measures generated in the House of Representatives.

The State Board of Education

The Vermont State Board of Education supervises and manages the Department of Education and the public school system. It is also responsible for appointing and supervising the Commissioner of Education whose job it is to oversee the day-to-day operations of the Department of Education. Appointed by the governor with the advice and consent of the Senate, the Board is comprised of seven members serving staggered six-year terms. Before Act 60, as part of its oversight responsibilities, the State Board of Education, under the auspices of the Commissioner of Education, developed and submitted an annual recommended state aid to education budget to the governor that allowed for the provision of a “sound basic education” for all Vermont students. In reality, the governor and the legislature routinely ignored the State Board’s budget recommendations and allocated far fewer state dollars than recommended due to budget constraints.

The State Department of Education

The Vermont Department of Education is the state agency tasked with supervising and assisting local school districts with regard to the provision education services to Vermont's students. With regard to the issue of school finance, the State Department of Education's Department of Finance is responsible for distributing aid to education in accordance with the formula established by the legislature. It is also responsible for collecting school finance data, reporting on the status of school funding and serving as a resource for anyone who might require information with regard to how the state system of school finance operates. The Commissioner of Education, who is appointed by the State Board of Education, oversees the Department of Education Finance, along with the rest of the State Department of Education.

The Judiciary

The Vermont judicial system is comprised of three major trial courts and one court of appeals. In the trial courts, the superior court manages civil matters, the district court handles criminal cases and the family court oversees cases relating to children and marriage. The Supreme Court acts as the state's lone court of appeals and is comprised of one chief justice and four associate justices. Judges are appointed to six-year terms by the governor who selects from a list of applicants recommended by the state's Judicial Nominating Board. This process is known as "merit selection" and is designed to reduce partisan politics in the judicial selection process (Glick, 2004). Once nominated by the governor, judges are confirmed by the Senate and are retained every six years by a legislative vote (Hand, 2003).

Mirroring the larger federal system, the Vermont judiciary is one of three co-equal parts of the political system. Despite efforts to insulate the courts from partisan politics through practices such as merit selection, judges are often viewed as participants in the political process (Kirp, 1977; Kuo, 1998; Glick, 2004; Dayton & Dupre, 2007) and their rulings can be seen as the result of a complex set of political factors including: “...the social and political context in which the courts are embedded, the structure and operating rules of court systems, judicial selection and judges’ personal backgrounds, experiences, and political attitudes” (Glick, 2004, p. 249).

Of particular relevance to matters of school finance reform is a judge’s attitude with regard to the concept of judicial activism. According to Dayton (1996), “judicial activism occurs when the court moves from the realm of interpretation of laws to creation or administration of laws” (p. 22). The willingness of judges to venture into what some conservative legal scholars believe is the exclusive territory of the legislature by mandating certain reform measures has proven to be quite controversial. Yet, it has had an undeniable impact on the manner in which states fund their school systems (Dinan, 2009).

If so inclined, a judge’s ability to impact policy is derived largely from the positional authority granted to him or her as an agent of the court. As such, the courts have helped to spur reform among state legislatures. Judicial rulings can compel an issue to rise on the political agenda and can set the parameters for subsequent legislation. For example, the Vermont Supreme Court’s ruling in the *Brigham* case not only forced the legislature to come together to pass a piece of reform legislation after years of

disagreement but also constrained the legislature's acceptable policy options (Picus, 1998).

Local Government

According to State Archivist Gregory Sanford (1998), "Vermonters have long celebrated municipal governments as the cornerstone of participatory democracy" (p. 13). Two hundred thirty-seven chartered towns and nine cities constitute the 246 primary units of local government in Vermont. These local governments once operated with such autonomy that they were referred to as "little republics" (Hand, 2003). Although their independence from the state has waned (Bryan & Hallowell, 1993), local governments still play an enormous role in the day-to-day lives of Vermonters. Generally, towns have responsibility for a wide variety of local services ranging from maintaining roads and taxing property to licensing junkyards and providing animal control services. Additionally, if at town meeting the voters so decide, a town may provide services such as police protection, fire protection, ambulance service, water, sewer, electricity, planning and zoning, recreation and libraries (Vermont League of Cities and Towns, 2011).

State law stipulates that each town be governed by a number of elected officials. These officials include: a three- to five-member selectboard that manages town services, a town moderator who oversees town meetings, a town clerk who keeps public records, a treasurer, a lister who decides the value of local land, and an auditor. Approximately 9,000 Vermonters serve in some official town governance capacity at any given time (Hand, 2003).

These officials are elected to their positions by their fellow townspeople each year at Town Meeting Day (generally the first Tuesday of March). In addition to electing town

officers, citizens utilize Town Meeting Day to vote on matters such as budgets, tax rates and bond issues. Vermont's first town meeting was held in 1762, predating its admission into the Union by several decades (Vermont Secretary of State, 2005). Gillies (1999) sums up the unique nature of this longstanding and cherished tradition when he comments: "On Town Meeting Day, local government runs as a direct democracy, and every citizen is a legislator – voting to elect a selectperson, amend a zoning bylaw, or adopt a budget" (p. 572).

In addition to deciding municipal matters, townspeople also vote on school budgets at town meeting. As noted earlier, local towns play a key role in supervising and paying for education in Vermont. Each town generally maintains at least one school. A separate local school board runs these schools with a budget approved by the town. Approximately 1,400 citizens serve on 251 local school boards.¹⁷ These school boards wield vast discretion over issues such as class size, staffing, curriculum and scheduling.

If these school board members are added together with the 9,000 citizens serving in municipal government, almost one in 60 state residents participates in local governance in one capacity or another. This high level of involvement in town governance matters reflects Vermonters' intense desire to foster and preserve local autonomy. Jimerson (2001) remarks: "Local town cultures and traditions matter a great deal to Vermonters and they strongly resist efforts that diminish the characteristic sense of one's own small-town community" (p. 12). Thus, the concept of local control serves as a powerful cultural symbol to Vermonters. Municipal governments are known to invoke

¹⁷ Interestingly, Vermont has five more school districts than towns because some towns join together to provide supervisory union high schools for their older students. These supervisory union high schools maintain their own separate school boards.

the specter of its loss as a tool to generate public opposition to perceived state encroachment into their affairs.

The desire to maintain local control has, at times, brought towns into conflict with the state. Disagreements arise over what level of government is best suited to provide services and who should fund them. According to Gillies (1999), “[t]he state sometimes regards towns and cities as petulant and demanding, while to towns, the state appears overreaching and disrespectful of municipal government” (p. 567). As an example, for almost 30 years various politicians sought to create a statewide property tax to fund education. This idea was touted by scholars and politicians, alike, as a means to more equitably spread property tax revenues across the state. However, municipal governments jealously guarded their sole right to tax local property and worried about the slippery slope of “Montpelier” taking their money. Their defense of “local control” wielded sufficient influence such that only in the wake of the *Brigham* decision did the legislature garner enough votes to make a statewide property tax a reality.

School Finance Interest Groups in Vermont

The previous section described the institutional features of Vermont’s legislative system and the corresponding official government actors who operate within these institutions. This section highlights those actors and organizations operating outside of government who seek to influence the policymaking with regard to matters of school finance reform.

A part of the American political scene since James Madison cautioned against their undue influence in the *Federalist Papers*, interest groups have steadily increased their presence in state legislatures over the last several decades as the scope of state

governance has widened and more and more interests have demanded a seat at the political bargaining table (Rosenthal, 1998; Thomas & Hrebenar, 2004). Thomas and Hrebenar (2004) define an interest group as “an association of individuals or organizations or a public or private institution that, on the basis of one or more shared concerns, attempts to influence public policy in its favor” (p. 102). Their concerns are represented by lobbyists “who represent an interest group in an effort to influence government decisions in that group’s favor” (Thomas & Hrebenar, 2004, p. 103).

Interest groups rely on a wide variety of resources to advance their cause in both the executive and legislative arenas. These resources may include one or more of the following: money for campaign contributions and operational expenses, information helpful to political decisionmakers, a large and geographically diverse membership, a long lasting dedication to a particular issue or set of issues, a cohesive membership, a capacity to build coalitions with other interest groups, and a narrow agenda that allows for a tight focus on key issues and goals. According to Rosenthal (1998), “[t]hese very varied bases of power suggest that almost any group has resources with which to exercise influence in the legislature” (p. 213).

Although condemned at times for their undue influence upon the legislative process, lobbyists are generally considered by legislators to be an essential part of the policymaking process (Rosenthal, 1998). For states such as Vermont that rely on part-time citizen legislators and small professional staffs, lobbyists serve an even more important role in facilitating the policymaking process. They do so by helping to draft legislation, providing information and expertise on issues before the state, giving campaign contributions and assistance to political campaigns, developing media

campaigns to highlight key issues, and assisting with grassroots organizing (Rosenthal, 1998). Given the limited time, expertise and financial resources of Vermont's legislators and state officials, such tasks would be hard to undertake without the outside assistance provided by lobbyists and special interest groups.

Just as a state's socioeconomic and political factors influence its institutional structure, so too do these factors shape a state's interest group system (Thomas & Hrebenar, 2004). As Vermont transitioned from a rural, municipally-focused state to an increasingly urban, centralized state, the number of registered lobbyists in the state increased steadily. Bryan and Hallowell (1993) cite three key reasons for the growth in Vermont's lobbying sector. First, a consolidation of power and increased responsibility for social services at the state level broadened state governance. Second, the rise of a competitive multi-party system in the second half of the 20th century provided an opening for liberal interests to gain a hearing in Montpelier. With an active two-party system, liberal interests now had legislators and bureaucrats sympathetic to their causes where previously the dominance of Republican legislators shut them out. Third, an increase in the diversity of economic interests as Vermont became less agriculturally oriented meant that new businesses and economic interests such as the ski industry needed representation at the state level.

By 1997, approximately 300 lobbying organizations were registered with the Vermont Secretary of State (2011). This number increased from 149 in 1977 and 231 in 1987 (Bryan & Hallowell, 1993). These lobbyists represent a wide variety of interests ranging from the environment to business to education to health. Chapter Two's review of the politics of school finance reform literature suggests that education associations,

business groups, anti-tax groups and municipal organizations have historically played key roles in influencing policy outcomes with regard to matters of school finance reform. As such, this section will turn to an examination of Vermont's analogous non-governmental organizations to explore their motivations and capacity to influence the state aid to education policymaking process.

The Education Lobby

Vermont's education lobby is comprised of four major organizations representing the state's teachers, principals, administrators and school boards. While previously unified, these organizations evolved into separate entities to meet the specialized demands of their constituents. Over the years since their founding, these groups have become increasingly organized, more capable of producing substantive issue analyses and, as a result, better able to exert greater influence on the policymaking process (Mathis, 1999).

Vermont-National Education Association

According to Rosenthal (1998) teachers' groups are perennially rated among the most powerful lobbies in the nation. Their size and geographic distribution, coupled with linkages to their national parent organizations, give them a powerful voice in issues of importance to their memberships. Indeed, this perception holds true for Vermont where in the early 1990s the state teachers' association – the Vermont-National Education Association (Vermont-NEA) – was rated as the fourth most powerful interest group in the state by Republican legislators and the sixth most powerful interest group in the state by Democratic legislators (Bryan & Hallowell, 1993).

Founded in 1851, the Vermont-NEA is the state's oldest education organization (Mathis, 1999) and represents the interests of the state's (approximately 7,800 in 1997) teachers (National Center for Education Statistics, 2000). A regular presence at the statehouse, their legislative agenda typically includes the promotion of improved working conditions and increased compensation for teachers. While willing to affirm support for the general principles of "equal educational opportunity" and "state support for education" the Vermont-NEA has not historically thrown the full weight of its sizable support behind any one piece of school finance reform legislation due to the potentially divisive nature of the issue within its membership (Mathis, 2000). Multiple informants recollected the Vermont-NEA's relative absence from the school funding policymaking process. One informant noted: "I think they had to be very careful so I don't remember them lining up strongly because there were teachers from property-wealthy towns..." (Informant 13). Another informant commented: "There was no strong message from the education lobby about what we should do that I ever heard that I remember" (Informant 10).

However, the Vermont-NEA did play a leading role in defeating a comprehensive school finance reform measure passed by the House of Representatives in 1994. Included in H.541 was a provision that sought to create a statewide teachers employment contract as a cost-containment measure. In the face of a perceived threat to their collective bargaining rights, the organization's membership came together to challenge the provision sponsored by the powerful Democratic Speaker of the House Ralph Wright. The Vermont-NEA's well-organized opposition to the statewide teachers contract, coupled with the Senate's opposition to the bill's tax provisions, stalled its passage.

Vermont Principals' Association

Originally formed in 1915 as an independent branch of the Vermont Education Association, the Vermont Headmaster's Club, later renamed the Vermont Principals' Association, became its own independent organization in 1978. The Vermont Principals' Association is primarily involved with the regulation of athletics and other student activities. According to Mathis (1999), "[w]hile members are frequent participants in policy issues with the state board, they do not hold educational policy issues at the center of their purpose" (p. 326). As such, the Vermont Principals' Association did not interject itself in the school finance debate (Mathis, 2000).

Vermont Superintendents' Association

Until Vermont's teachers gained collective bargaining rights in 1969, the Vermont Superintendents' Association (VSA) was organized as a branch of the Vermont Education Association. After the advent of collective bargaining, the VSA became its own independent organization representing the state's approximately 300 school district superintendents on issues such as education quality, governance and leadership. The organization focuses much of its work on non-partisan policy research but is also considered to have a strong presence in the State House (Informants 12, 01, 13). Like the Vermont-NEA, the VSA draws its membership from both property-wealthy and property-poor school districts and, in general, did not take a position on any plans that sought to redistribute tax dollars from property-wealthy towns to property-poor towns.

However, the association was willing to take a stand on school finance issues that were held to be either widely helpful or widely detrimental to their interests. For example, the VSA supported 1994's H.541 because it included a statewide teachers

contract that the organization believed would help control local education costs (VSA, organizational communication, January 19, 1994). Conversely, the VSA opposed Governor Dean's 1994 school finance reform plan because it cut aid to a large number of schools (VSA, organizational communication, January 17, 1995).

Vermont School Boards Association

Founded in 1936 as the Vermont State School Directors Association, the Vermont School Boards Association (VSBA) represents the estimated 1,300 Vermont citizens who serve on the state's 254 local school boards. The association serves as a resource for its members and offers them guidance and training on issues such as school operations, governance, and accountability. The VSBA also serves as an advocacy voice for local school officials at the state level. Unlike other education associations in the state, the VSBA actively waded into the property tax sharing debate through its financial support of the *Brigham* plaintiffs' legal team as well as through its active support for various pieces of school finance reform legislation such as 1994's H. 541 coupling of a local income tax with a statewide teachers contract.

Although speaking specifically about the VSBA and the VSA, this informant's statement sums up the general approach used by all of Vermont's education interest groups in their lobbying practices:

They have an association. They have an Executive Director. The Executive Director represents them. Yes, it's a different kind of lobby. It's very different from the people who are hired guns to represent the utility companies or the health care industry. But for the committees that work on education, [they] are a very real presence in those committee rooms. People depend on their advice. But they represent really big constituencies so in my experience they've always tried to base their positions based on resolutions that have been passed by the associations as groups and/or they've done some surveying. So they've tried to be really careful about

only representing as positions something that the organization has agreed on. (Informant 13)

In short, the education lobby tends to be a visible presence in the statehouse but cautious in terms of avoiding potentially divisive issues that may test membership cohesion such as property tax sharing schemes associated with school finance reform.

Municipal Government Lobby

The major lobby for Vermont's 246 municipalities is the Vermont League of Cities and Towns (VLCT). Founded in 1967, the VLCT educates state and federal officials about the impact of their actions on local governments and informs them of municipal needs (VLCT, 2011). Consistently rated as one of Vermont's most powerful interest groups (Bryan & Hallowell, 1993; Informants 01, 21), its main policy priorities with regard to school finance reform were: 1) reducing the reliance on local property taxes to fund schools; and 2) ensuring that the state did not usurp the property tax as a revenue stream (Informants 09, 16). In general, the League concerns itself with school finance only inasmuch as it impacted property tax issues. Their narrow interest does not extend to matters of financial equity for students and taxpayers.

Business Organizations

Because education is the single largest public expenditure at the state level, school finance policy has major implications for tax policy and economic development.

Therefore, it is a perennial issue for a state's business community. The three major organizations that represent Vermont's business interests are the Vermont Chamber of Commerce (VCC), Associated Industries of Vermont (AIV) and the Vermont Business Roundtable (VBR). Founded in 1912, the Vermont Chamber of Commerce is the oldest and largest of these organizations. It represents 1,500 Vermont businesses employing

45,000 people from a wide variety of economic sectors. The VCC serves as an active lobby for the business community and is concerned with issues such as taxation, healthcare, tourism and workforce training. Begun in 1920, Associated Industries of Vermont represents Vermont's manufacturing, mining and forestry interests. Legislators consider AIV, along with the VCC, to be formidable lobbying presences in the state capitol given their large and influential membership rolls and willingness to spend lobbying dollars (Bryan & Hallowell, 1993). The third and youngest of these business associations is the Vermont Business Roundtable. The VBR was founded in 1987 and counts as its members CEOs from 120 of Vermont's leading non-profit and for-profit employers. The VBR does not consider itself a lobbying organization in the traditional sense but rather sees itself as an advocate for public policies that are consistent with the worldview of Vermont's business leaders.

With regard to school finance reform legislation, all three organizations generally opposed the implementation of any new income tax or property tax sharing plan on the basis that these taxes would harm Vermont's fragile economy. Throughout the period under study, these business groups commissioned and disseminated multiple economic analyses that bolstered their anti-tax claims.

Gold Towns/Ski Resort Lobby

Most of Vermont's ski resorts are located in Vermont's "gold towns" – a colloquial term used to describe the state's wealthiest communities. Before the enactment of Act 60, gold towns enjoyed both unusually high property values and unusually low property tax rates. This juxtaposition was no coincidence as the presence of ski resorts

enhanced the desirability of these towns, which, in turn, promoted the growth of commercial development and second home communities.

The property taxes derived from valuable non-residential property sources subsidized residential property taxpayers and allowed for generous per-pupil expenditures in gold town schools. For example, in FY 1993, the ski town of Sherburne paid just \$0.17 per \$1,000 of property value. A home of average value in Sherburne paid \$306 in annual local property taxes. However, other towns lacking a strong commercial base paid significantly higher rates. That same year, the residents of Essex Town paid \$1.65 per \$1,000 of property value and a home of average value in that town paid \$2,067 in annual property taxes (J. Freidin, personal communication, December 22, 1993). With regard to education spending, Sherburne spent an average of \$8,375 per pupil in FY 1993. That same year, Essex Town spent just \$6,834 per pupil, even though it had a taxing rate almost ten times higher than Sherburne's (J. Freidin, personal communication, December 22, 1993).

As the economic engines of the state, gold towns and ski resorts historically enjoyed a privileged seat atop Vermont's economy. Ski area associations such as the Vermont Ski Areas Association (VSAA) and the Killington Pico Areas Association (KPAA) fought to maintain their privileged status by highlighting the potential economic damage school finance reform plans could have on the state's economy. For example, one VSAA lobbyist charged that a statewide property tax would create an "... anti-development and anti-economic growth environment" that could "...very easily result in a mass-liquidation of second home properties" (Rice, 1997, p. 3). Many legislators, particularly those in the Senate, took these predictions of economic decline seriously and

resisted school tax sharing schemes that imposed additional taxes on these towns. One informant's quote exemplified their point of view:

Tourism is Vermont's biggest industry. Without the winter recreation industry, we would be in deep doo-doo. It is critically important to the economic wellbeing of the state. Gold towns contribute a lot to state revenues as well. They generate money from the sales tax, the rooms and meals tax, the booze tax and they do this the entire year. (Informant 11)

Pro-School Finance Reform Advocacy Groups

Pro-school finance reform groups become energized by the periodic emergence of large discrepancies in both per-pupil expenditures and taxing efforts between property-rich and property-poor towns when state aid contributions to education are cut back. Lacking a core statewide advocacy coalition, Mathis (2000) characterizes the pro-school finance reform movement as "diffuse" and "unsustained." This lack of a consistent push for reform may be attributed to fact that the Vermont legislature has historically been somewhat responsive to constituents' demands for school finance reform (Informant 12). Each time state aid to education dipped to a level that strained local property tax contributions, the state responded with "a new state aid formula and a dollop of new money" (Mathis, 2000, p. 4). According to Mathis (2000), "[w]hile such small increases would not achieve equity by any of the commonly used educational finance measures, it was sufficient to achieve the political end and quiet things for a while" (p. 4). In the 50 years between 1935 and 1987, the legislature passed six different school funding formulas (Governor's Blue Ribbon Commission, 1993; Mathis, 1999).

Rather than developing a statewide advocacy apparatus, many pro-reform advocates sought election to the state legislature as a means by which to bring change to the state's school funding system. Frequently, these individuals had become involved in

matters of school finance while serving on their town's select board or school board (Informants 03, 07, 21, 16, 13). Their heightened awareness of education funding discrepancies prompted them to run for legislative office to "solve" the problem. The following is a quote from a legislator who became aware of school finance reform while serving on his town's select board:

I was new on the select board and we were looking at the tax rates and saying, "You know, we can't raise taxes. The taxes are already too high." I said, "Well, what are they relative to other communities?" So we contacted the League of Cities and Towns or somehow we got information on the other communities. I definitely got, based on the survey, that other communities were paying a lot less. Their tax rates were a lot lower. I just didn't understand why that was true. It just didn't seem fair. Then I started looking at spending per pupil. Are they spending less per pupil? No, they're spending more per pupil but they're paying lower taxes. Why is that fair? And so it just fundamentally seemed unfair to me. I ran for the legislature in 1988 – two years later – and my main campaign issue was the unfairness of the school funding system. (Informant 03)

Another similarly motivated legislator commented:

I've been involved with this whole issue almost from the beginning of the time I got on the school board because it became clear so quickly that there would never be art in our school, there would never be a quality kindergarten program, kids wouldn't get the hours they needed, kids wouldn't get the remedial help they needed until we had a different way of funding education. (Informant 13)

As these legislators demonstrate, school finance reform advocates were inspired to act by the perceived unfairness of fundamental inequities between property-poor and property-wealthy communities built into the tax system. Seeking institutional change, these highly motivated reform advocates won election to the legislature and sought positions on committees working on school funding issues. This approach reflects both Vermonters' sense of efficacy as well as the state's low bar for entry into the political realm.

School Finance Issue Background

The previous section described the non-governmental players active in the school funding debate during this case study research's period of interest. This section now offers a broader perspective by charting the significant national policy events that created the United State's current patchwork system of school finance to help situate the experience of Vermont within a larger national setting. It will be followed by a discussion of Vermont's own significant policy events that served to create its unique system of school finance. This discussion will help to contextualize and explain the environmental pressures for change placed upon the school finance policy subsystem in the years leading up to this case analysis' period of study.

School Finance on the National Scene

Education has been a public concern in America since colonial times (Guthrie et al, 2007; Ward, 1998). In New England, colonial towns were required to establish schools as early as the mid 17th century. The Massachusetts Colony's Ye Olde Deluder Satan Act of 1647 mandated that towns with at least 50 families appoint a teacher of reading and writing, required towns with at least 100 families to establish a grammar school and stipulated that these schools be supported by parents and local community members; "thereby establishing one of the first systems of financing schools through local taxation" (Odden & Picus, 2008, p. 9).

By the late 18th century, a handful of states including Vermont (1777), North Carolina (1776), Pennsylvania (1776) and Georgia (1777) had drafted constitutional provisions calling upon legislatures to establish permanent endowments for education. Throughout the early 1800s, other states began to rewrite their constitutions to formally

establish government responsibility for financing schools (Brimley & Garfield, 2002). By 1820, 13 of the nation's 23 states had provisions for education in their state constitutions (Odden & Picus, 2008).

While states were technically responsible for education per their constitutional guarantees, in reality education in early America was almost exclusively funded and managed at the local level (Morse, 2007; Guthrie et al., 2007; Odden & Picus, 2008). In the words of Brimley and Garfield (2002), "...the states seemed content to accept responsibility for education but were reluctant to assume major responsibility for financing it" (p. 76). In short, as long as parents were sending their children to some kind of school and weren't asking the state to fund it, state governments were willing to let educational issues be decided on a local basis. As a result, local education took a wide variety of forms—sometimes private or philanthropic, sometimes church-sponsored and sometimes public.

Guthrie et al. (2007) has deemed the time between America's colonial era and the post-Civil War Reconstruction era the first of the U.S.'s three phases of education finance. This period was marked by almost exclusive local control and funding of schools. Quality varied widely in part because both the willingness and ability of towns to fund education differed by locality. Phase two emerged at the turn of the 20th century, when states began to more rigorously enforce their laws stipulating the availability of free, public education. Towns turned to local property taxes as a means to fund this school expansion. By 1890, every state in the nation offered some form of tax-supported public education (Brimley & Garfield, 2002). To help defray rising local education expenses, towns sought financial assistance from their state governments. States often

responded by providing flat grants to local school districts. These flat grants could be provided on a per-pupil, per-teacher or per-school basis depending on the state and were primarily considered taxpayer relief rather than educational assistance. While these state funds allowed the poorest towns to establish local schools for the first time, they did nothing to reduce spending disparities between rich and poor school districts (Odden & Picus, 2008).

During this period, the work of Ellwood Cubberley highlighted the shortcomings of flat grant programs. Known as the scholarly “father” of school finance, Cubberley was “the pioneer and foremost figure in the serious consideration of state apportionments of funds to local school districts” (Brimley & Garfield, 2002, p. 172; Ward, 1998). His work helped to foster the search for a funding formula that would allow state funds to better serve needy school districts through a more targeted distribution of education aid.

Building on Cubberley’s scholarship, Columbia University professors George Strayer and Roger Haig developed the concept of the foundation grant in the 1920s. Foundation grants, as designed by Strayer and Haig, account for differences in local ability to raise educational revenue and have the objective of elevating each school district to a minimum level of funding (Ward, 1998). The foundation grant approach would go on to become the dominant method of distributing state aid to local school districts throughout the 20th century (Wong, 1999; Odden & Picus, 2008). Although the foundation formula has many variants, at its core it stipulates both a minimum dollar value to be spent on education and a minimum local taxing effort required to receive state aid. Thus, “[s]tate aid per pupil is the difference between the foundation per-pupil revenue level and the local per-pupil revenues raised by the required local tax rate”

(Odden & Picus, 2008, p. 283). Given that state aid is inversely related to local property wealth, low-property wealth school districts receive more state aid than their high-property wealth counterparts.

As the 20th century progressed, first the Depression and later the post-World War II baby boom increased the demand for state aid to education. By the early 1980s, most states had become the primary funders of public education (Wong, 1999). As this aid increased, the local property tax became just one of a variety of revenue sources used to fund school systems. State income taxes, state sales taxes and lotteries also became favored means by which to generate educational resources (Baker, Green & Richards, 2008). The economic, political and cultural conditions of a particular state determined the exact manner in which these taxes were combined.¹⁸ For example, Hawaii has historically relied on state taxes while New Hampshire has steadfastly held on to local property taxation as the primary means by which to fund its schools.

While targeted state aid helped to mitigate the spending differences between property-rich and property-poor school districts, disparities remained. These disparities were – and still are – the product of the political bargaining that is inherent in the legislative process. Legislatures wield vast discretion in devising the manner in which

¹⁸ Each taxing method has its own strengths and weaknesses. Therefore, each state utilizes its own particular combination according to the cultural, economic and political preferences of its citizens: 1) Property tax: lauded as a stable funding source, it is criticized for not being as fair a measurement of personal wealth as it used to be. Additionally, unequal assessment practices and tax bases mean that some citizens are unduly burdened while others are taxed too lightly; 2) Income tax: this tax is lauded for its progressivity but it can be an unreliable revenue source due to its volatility from year to year; 3) Sales tax: this tax is attractive in that it is a small tax whose burden is widely distributed. However, it is widely considered a regressive tax; 4) Lotteries: this funding source is favored by states because it is a “voluntary” tax. However, its use is criticized as the poor disproportionately play the lottery (Baker, Green & Richards, 2008).

educational resources are to be distributed across a state (Odden & Picus, 2008). They determine not only the dollar values to be allocated but also the formulas by which the funding is distributed and the combination of taxes to be utilized in the generation of education funds. As creatures of state legislatures, school funding systems attempt to satisfy as many state interests as possible in order to obtain the broad-based legislative support needed for passage. Wong (1999) notes: “To attain the legislative coalition needed to pass a school finance package, lawmakers are likely to adopt territorial strategies in which no district suffers a reduction in state support. This leveling-up strategy is consistent with the electoral concerns of legislators” (p. 82). The legislative impulse for inclusivity has the effect of watering down the ability of state aid to close funding gaps between property-rich and property-poor school districts (Nelson, 1997).

Throughout the 1960s and 1970s, funding disparities (which have existed since the inception of publicly- funded education in the United States) received heightened attention from citizens and policymakers, alike, as school budgets began to be cut in the face of declining enrollments, economic downturn and local property tax revolts. Guthrie, Garms and Pierce (1988) note that:

As long as all school district budgets were growing, most parents and school officials were satisfied with the resources available to them. When resources became tight, however, educators began to ask if all districts were experiencing similar shortages. They discovered that there was a wide range of tax rates and expenditure levels among school districts in most states. (p. 196)

This wide range of tax rates and expenditure levels allowed school districts in property-wealthy localities to raise large sums of money with relatively light taxing burdens, while at the same time many low-property wealth localities were forced to shoulder heavy taxing burdens to sustain modest per-pupil expenditures.

A focus on poverty and social justice issues in the wake of *Brown v. Board of Education* (1954) cast these disparities in a new, more detrimental light (McUsic, 1999). As education increasingly came to be viewed as a vehicle for poverty alleviation, reform advocates sought funding equity as means by which to “level the playing field” for poor children (Morse, 2007). Stymied by legislative inaction, advocates of school finance reform turned to the courts for relief (Colwell, 1998; Rebell, 1998). The philosophical arguments for the school finance reform movement reflected two influential works: Arthur Wise’s *Rich Schools, Poor Schools*, published in 1968, and Coons, Clune and Sugarman’s *Private Wealth and Public Education*, published in 1970 (Ward, 1998; Roellke, Green & Zielewski, 2004). Their ideas, which tie school funding discrepancies to the constitutional concept of equal protection, have served as the basis for the education finance reform litigation that has affected 46 states over the last four decades (Dinan, 2009). According to Guthrie et al. (2007), the pioneering work of these authors helped to usher in the third phase of school finance in the United States.

California’s *Serrano v. Priest* (1971) is generally noted as the landmark case that initiated judicial reform of state education finance systems. In *Serrano*, the California Supreme Court held that California’s state system of school finance was unconstitutional in that it violated the U.S. Constitution’s 14th Amendment guarantee of equal protection. Importantly, the *Serrano* court adopted Coons, Clune and Sugarman’s concept of fiscal neutrality as an ideal for providing equal protection under the law (Guthrie et al., 2007; Ward, 1998). Fiscal neutrality – the lack of a correlation between education spending and local district property wealth – subsequently became the standard for challenging the

constitutionality of school finance schemes at both the federal and state levels (Vandersall, 1998; Roellke, Green & Zielewski, 2004).

Shortly after the plaintiff victory in the *Serrano* case, the U.S. Supreme Court ruled in Texas' *San Antonio v. Rodriguez* (1973) that education was not a "fundamental right" provided under the U.S. Constitution and thus ineligible for consideration under the federal equal protection doctrine of the 14th Amendment. This Supreme Court decision effectively shut down education finance challenges based on the U.S. Constitution and brought to a close the first wave of school finance litigation (Rebell, 2001).

After the Supreme Court ended the first wave of school finance litigation with its ruling in the *Rodriguez* case, plaintiffs responded by bringing equity challenges under state constitution equal protection and education clauses (Baker, Green & Richards, 2008). *Robinson v. Cahill* (1973), decided just five weeks after the Supreme Court's ruling in the *Rodriguez* case, deemed New Jersey's school funding distribution formula to be in violation of the state constitution's education clause. It proved to be a landmark case in that it demonstrated the ability of the second wave approach to succeed in state court. However, throughout the 1970s and 1980s, efforts to declare state finance systems unconstitutional met with mixed results. During this time period, equity advocates won judgments in six states, while the constitutionality of state financing systems was upheld in 10 others (Vandersall, 1998).

A 1989 Kentucky Supreme Court ruling in *Rose v. Council for Better Education* marked the beginning of the third wave of litigation challenging the adequacy of state systems of school finance on the basis of state education clauses (Rebell, 2001; Roellke,

Green & Zielewski, 2004). Since 1989, plaintiffs have won whole or partial judgments in 22 school funding cases brought before state courts including Vermont (Hunter, 2011a). School finance scholars attribute this dramatic turnaround to two factors: 1) a new strategy employed by plaintiffs focusing on the “adequacy” of a school finance system to meet the educational requirements stipulated in a state constitution’s education clause; and 2) the emergence of the standards-based reform movement that has provided plaintiffs in adequacy suits with “state-sanctioned” performance benchmarks (Rebell, 1998; Roellke, Green & Zielewski, 2004).

The impact of these court cases upon state school funding practices is far-reaching. Research demonstrates that over the last four decades, court-mandated school finance reform increased state aid to poor school districts (Evans, Murray & Schwab, 1997; Card & Payne, 2002; Dee & Levine, 2004), prompted states to follow a more aggressive redistribution policy (Evans, Murray & Schwab, 1997; Nelson, 2007) and led to modest educational improvements for students in property-poor school districts (Card & Payne, 2002; Jimerson, 2001; Jimerson, 2002).

This section has served as a broad overview of school finance in the United States. It details how over the last 100 years, school funding has been transformed from a local to a statewide concern. This transformation is the result of our nation’s changing view of not only the importance of education but also the responsibility of the state in providing educational services. The next section turns to an in-depth examination of Vermont’s system of school finance.

School Finance in Vermont

According to education finance expert Kenneth Wong (2008), "...school finance policy has always been shaped by political structure and process" (p. 41). While the history of school finance reform in Vermont broadly reflects the national pattern described in the previous section, its particular cultural values and corresponding political structures place unusual emphasis on the local control of schools. This attachment to local control is manifested in the state's heavy reliance on local property taxes to pay for its schools and, in part, accounts for the number of years it took reform activists to move forward with school finance litigation against the state.

For Vermonters, "local control" of education means education funding and decisionmaking rooted at the town level. A statute passed in 1782 mandated that towns create either a single school district or divide the town into several smaller districts to "enable Vermonters to instruct youth at low prices" (Williams, 1965, as cited in Sautter, 2008, p. 3). Most towns opted for the multiple district option. As a result, it was not uncommon for one small town to have seven or eight independent school districts operating within its boundaries (Cate, 2006). By 1860, Vermont had 2,591 school districts operating in 239 towns.

To help fund this multiplicity of common schools, the legislature made the payment of local property taxes to school districts compulsory in 1864 (Sautter, 2008). However, even with the compulsory property tax, many schools struggled financially. The exceptionally narrow tax bases of these school districts created huge taxing and funding disparities among schools. In 1890, Governor William P. Dillingham's farewell

address highlighted the persistent issue of these funding disparities. In a statement that would still ring true a century later, the governor commented:

[W]hile there are towns in the state in which the average rate of taxation for school purposes amounts to only 17 cents on the dollar of the grand list, there are others where it amounts to 75 cents, and one in which such average rate is 130 cents. . . . In the villages where the grand list is large, the taxes are light; while in the hill districts where the grand list is small, they are almost uniformly burdensome. (Sanford, 2006, p. 6)

Citing a report from the State Superintendent of Education, Dillingham was “convinced that a great wrong had been done to the poorer classes of towns and the smaller districts in the failure to provide an adequate system of equalized taxation for the maintenance of common schools” (Sanford, 2006, p. 6). To correct this wrong, he recommended the implementation of a statewide property tax “to equalize taxation for school purposes among the towns” (Sanford, 2006, p. 6).

The legislature responded by levying a statewide property tax of five cents per dollar of value in addition to the local property tax. The revenue from this statewide property tax was allocated back to towns on a per-school basis to help pay for teacher and administrator salaries (Governor’s Blue Ribbon Commission, 1993; Mathis, 1999). In his review of the history of school funding in Vermont, Sautter (2008) pronounced the law notable in several respects, including the fact that it “represented a great advancement in progressive taxation that redistributed money from wealthier urban areas to poorer rural communities” (p. 2). However, because the revenue was distributed back to towns on a per-school basis, rural towns with a large number of very small schools were net winners while urban areas with higher property values and larger schools were net losers.

Perhaps as a means to rectify a system that was encouraging small towns to create even more schools (Sautter, 2008), the state subsequently mandated that school districts

be consolidated at the town level. This mandate reduced the number of school districts from approximately 2,100 to just under 300 (Cate, 2006). By consolidating the tax base at the town level, the state hoped to ease the funding burden for poor, mostly rural schools (Sautter, 2008). Instead, however, localities strongly resisted the change on the basis of a loss of local control and referred to the consolidation mandate as the Vicious Acts of 1892 (McClaghry, 2010).

Vermont's statewide property tax remained in effect until 1931, when it was replaced by a statewide income tax (Governor's Office, 1985; Governor's Blue Ribbon Commission, 1993, Mathis, 1999; Sanford, 2006). Policymakers of the time perceived the implementation of the statewide income tax as freeing up local property taxes for the funding of municipal services and local education needs. However, according to Sanford (2006), it did not take long for the usual inequities between property-rich and property-poor school districts to reappear. The legislature responded in 1935 with the development of the state's first needs-based formula to distribute state aid to economically disadvantaged schools. This formula established several precedents that endured for most of the 20th century: 1) it based state aid to schools on financial need; 2) it weighted the student count to reflect different pupil costs; and 3) it defined wealth in terms of property wealth (Mathis, 1999).

Since 1935, Vermonters have relied on a combination of local property taxes and state general fund dollars to pay for schools. Since Vermonters have historically relied so heavily on local property taxes to fund their schools, the terms "school finance reform" and "property tax reform" are generally used interchangeably. Political reporter Jack Hoffman (1996b), who followed Vermont's school funding debates throughout the

tumultuous period leading up to the passage of Act 60 in Vermont elaborates on the terminology used to discuss the issue of school finance reform in Vermont:

Political leaders have been talking about property tax reform and education financing reform for so long the two terms have almost become interchangeable. They also seem to be one in the same because Vermont relies so heavily on the property tax to pay for education. Talk about property taxes and you're mostly talking about the way Vermont pays for schools. (p. C1)

Over the years, the formulas for distributing state tax dollars to needy school districts have changed multiple times. Before the passage of Act 60 in 1997, school finance reform legislation had been passed in 1947, 1964 (the Hunt-Simpson Plan), 1969 (the Miller Formula), 1982 (the Morse-Giuliani Plan), and 1987 (Foundation Plan). While each of these plans sought to create a more equitable distribution of state aid to needy districts, they all continued to rely heavily on local property taxes generated at the town level and to fund schools with state aid raised through general fund taxes used to supplement those districts that could not generate sufficient funds by way of the local property tax. In essence, while each plan was hailed as a “breakthrough” or “historic” in terms of its ability to inject increased equity into the funding system, these plans never adequately addressed two systemic problems facing Vermont’s approach to school finance: 1) the continued heavy reliance on local property tax to fund schools despite vast differences in the abilities of school districts to raise money; and 2) the chronic failure of state aid to effectively bridge these disparities in periods of fiscal decline (Mathis, 1999). The Governor’s Blue Ribbon Commission on Educational and Municipal Financing Reform (1993) summed up Vermont’s general approach to school funding matters throughout much of the 20th century:

In order to attract enough legislative support to enact a new state aid formula, additional state funds are contributed so few school districts suffer a reduction in state aid. General state aid contributes a greater percent of local revenue whenever a new state aid formula is first enacted, but its proportion then declines as state revenues fail to keep pace with school spending. When the proportion contributed by general state aid falls, property taxpayers express sufficient anger that legislators devise a new general state aid formula and contribute additional funds to bring general state aid back up to around 30 percent, or higher. (p. 11)

An informant similarly noted:

I've got a chart that I will share with you that has the adoption dates of Morse-Giuliani, Foundation, etc. where you will see this big influx of state aid and then you will see it flat line and then another big influx of state aid and then you see it flat line and meanwhile the property taxes are going up. (Informant 09)

That this state of affairs persisted was not for lack of trying on the part of reform-minded individuals in state policy circles. Since at least the 1950s, policymakers sought to reform the tax side of the state aid system so that school funding tax burdens could be more evenly spread across the state. In the 1950s, Senator Herbert Ogden began advocating for the implementation of a local school income tax. The major idea supporting the use of a progressive local income tax was that it allowed heavier tax burdens to fall on those most able to pay. Following his lead, Representatives Ralph Baker and Barbara Grimes introduced a bill in 1987 that utilized the income tax in lieu of the property tax to fund schools. Similar bills were introduced in several successive biennia but to no avail (Governor's Blue Ribbon Commission, 1993).

In 1979, then-Governor Snelling made a strong push for the implementation of a statewide nonresidential property tax (Informant 09; Governor's Office, 1980). In his position paper outlining the justification for the use of a statewide property tax on businesses and second homes, Governor Snelling argued: "We have not demanded the

uniformity or equality of property taxes which has already been achieved for income or sales tax systems” (Governor’s Office, 1980, p. 4). His “Vermont Plan” viewed the inclusion of all non-residential property as part of the state tax base as the key to a more equal distribution of school funds. However, the legislature rejected his proposal and subsequently passed the Morse-Giuliani Plan in 1982, which sought to better equalize funding across districts by accounting for local income wealth as well as property wealth when distributing state aid to education (Sass, 2007).

Eight years later in 1987, then-Governor Kunin attached a local property tax sharing proposal to the bill that ultimately became the Foundation Plan. This proposal would have required high-wealth districts to share some of their locally generated property tax dollars with low-wealth districts through a recapture provision. The Vermont House of Representatives soundly defeated this proposal, which received just 18 of 150 votes (Mitchell, 1993). One informant remarked that citizens’ fear of one day having their town become a “sharing” town doomed the Foundation Plan’s recapture provision:

If you follow the Foundation Plan, it started off with a recapture [provision]. It did not in the final version, it did not get put in. But when Governor Kunin proposed it and possibly when the House passed it, there was recapture in it. It may have gotten down to as few as 17 towns that were recaptured but then we used the “camels nose under the tent” and the “slippery slope” and as soon as they put out a print out that showed maybe it was 23 towns [that would have to share], that was perfect for us to be able to instill fear. (Informant 09)

In short, despite persistent efforts on the part of reform-minded government officials, the legislature repeatedly rejected multiple alternatives to the use of the local property tax, supplemented by state general fund tax revenues, to pay for education in the state of Vermont. While Vermonters bemoaned the fiscal inequities inherent in the system, reform advocates could not achieve a critical mass of support for any one

particular policy alternative. One informant characterized the inability of the legislature to pass a piece of non-incremental school finance reform legislation as a lack of political will:

[The Windham Foundation] used to put on three or four public policy conferences every year. Education was probably the subject two or three times. I can remember there was one, must have been in the late 1980s. I guess that was during Kunin's term. These conferences were all off the record. I mean one of the benefits of them was that people could come and actually have honest discussions without having to worry about political posturing and I can remember in those meetings, there was recognition from all kinds of people that we had to go to some form of state property tax to support education. We couldn't allow... it was just too unfair. But people just didn't have the political will to do that. (Informant 18)

The school aid formula in place at the time of the *Brigham* decision – the Foundation Plan – exemplifies Vermont's persistent problems with education funding. The Foundation Plan passed the Vermont legislature in 1987. As noted earlier, that year powerful interest groups including the Vermont League of Cities and Towns successfully beat back an effort by then-Governor Madeleine Kunin to add a local property tax sharing component to the Foundation Plan. Instead, as with earlier school funding plans, the final version of the Foundation Plan relied on an infusion of state general fund tax revenues to help equalize local spending between property-poor and property-rich school districts.

One legislator remembers the process in the following way:

We passed what we thought was a good solution at the time, the Foundation Formula. Put more money into it. Mathematically it works. You equalize the tax bases. What does a school need per-pupil? How much can they raise per-pupil? You give them the difference. It did have a sharing piece to it in the early version but that didn't pass. That was stripped out of it so it was all up to the state's general fund to give enough money to try to equalize taxes. (Informant 16)

Once the sharing provision had been removed, the Foundation Plan was generally welcome legislation – mostly for its large cash infusion into the education subsystem.

One informant highlighted the Foundation Plan’s positive reception as such: “For a few years it [the Foundation Plan] worked well. Everybody seemed to be happy. The state aid went up for towns” (Informant 16). Before the passage of the Foundation Plan, state aid to education had again dropped to painfully low levels (Governor’s Blue Ribbon Commission, 1992; Mathis, 1999). This low rate of state aid placed upward pressure on local property taxes and disproportionately impacted residents of property-poor towns. At the same time, school districts were stinging from the State Board of Education’s recent adoption of the Vermont Public School Approval Standards (PSAs) that had increased minimum course requirements for all students across the state, a change that was considered by many districts to be an unfunded mandate (Mathis, 1999). The additional state aid provided by the Foundation Plan not only served to reduce property taxes but also helped to ameliorate misgivings about the implementation of the standards program.

Under the terms of the Foundation Plan, the Commissioner of Education was charged with recommending to the legislature a minimum per-pupil expenditure¹⁹ that would allow for a “good, basic education” as outlined by the PSAs. Tied to the implementation of new statewide educational standards, the formula was designed to ensure that each school district had enough money to meet the state standards at a fair tax rate.

The legislature would take this number and develop a reasonable property tax rate for each school district given its income and property wealth. If a district set its property tax at this reasonable rate but still could not generate enough revenue to meet the Commissioner’s base per-pupil expenditure, the state would provide the difference

¹⁹ This figure was weighted for secondary students, students and poverty and students with high transportation costs (Vermont Department of Education, 1989).

(Rebell & Metzler, 2002). According to multiple respondents (Informants 09, 12, 19, 16), Vermonters viewed the Foundation Plan as a sensible policy response to Vermont's school funding problems of the 1980s. As one informant noted:

Vermont is a property tax state and it was a property tax back then... There was an inequity because one town had to tax harder than another town for the same level of spending. So a number of people all would say, "Well, what's up with that? That's not fair"... It had come up again in the campaign in 1986. There had been a consultant, Augenblick. He did a report that recommended Vermont go to a foundation-type formula so in the 1987 legislature we adopted that and found some money to put in because, ultimately, in the old state aid system it was a matter of could the state find enough money to fund the formula. Revenue was up so we could actually put more money into the formula. (Informant 16)

During the Foundation Plan's first year of implementation, the state sharply increased its state aid contribution from \$88.6 million to \$111.9 million (Mathis, 1999). That year the state contributed 37 percent of general education funds, a historic high (Governor's Blue Ribbon Commission, 1992). However, despite the large infusion of general fund dollars into the school aid program, the state's recommended per-pupil expenditure was set low from the start. Vermont's ensuing economic decline in the early 1990s turned the Foundation Plan's intent to allocate sufficient dollars for a sound basic education into a charade as the State Board of Education led by the Commissioner of Education began to regularly recommend base per-pupil expenditures that were well below their internal cost estimates for meeting the PSAs (Mathis, 1999).

In the face of fiscal constraint, the legislatively-set minimum property tax effort used to determine those school districts eligible for aid also began to be manipulated to fit available budget appropriations. One informant described the legislator's procedures in the following way:

The whole idea [of the Foundation Plan] was that the legislature would establish a reasonable tax rate [based on the Education Commissioner's recommendation] and, as a consequence of that, the state would know how much money it needed to appropriate for state aid to education. But after a while the legislature started to do it exactly backwards. You talk to a legislator and he says, "Well, we want to appropriate this amount of money and in order to appropriate this amount of money, the tax rate and local level [share] ought to be this so that's what we say the tax rate ought to be." (Informant 19)

With the base per-pupil expenditure set artificially low and the taxing effort needed to obtain state aid raised to suit the amount available, more and more school districts were unable to meet the criteria for receiving state aid. Indeed, for each successive year following the Foundation Plan's initial implementation in FY 1989 fewer and fewer towns received state education aid. Just one year into implementation the number of towns said to be "on the formula"²⁰ dropped from 185 to 151. The next year that number declined to 138 (Vermont Department of Education, 1992). School districts, once again, compensated for this loss of state aid to education by raising local property taxes. This increased reliance upon local taxes to fund education, in turn, increased the taxing and spending disparities between property-rich and property-poor school districts.

For many Vermonters, the failure of the Foundation Plan revealed yet again the weakness of an overreliance upon local property taxes to fund schools (Informants 16, 07, 03, 20, 21; Rebell & Metzler, 2002). Despite having a state-funded safety net in place, property-poor school districts were forced to raise taxes in the face of state budget shortfalls. Yet residents of property-rich towns who did not receive money from the Foundation Plan remained unharmed by the state's financial woes. Thus, the failure of the Foundation Plan to improve fiscal equity for students and taxpayers in the manner in

²⁰ The term "on the formula" refers to those towns receiving more than a minimal \$150 per-pupil expenditure.

which it was intended proved to many that it was fundamentally flawed and galvanized concerned individuals to look for policy alternatives (Informants 12, 07, 03, 06, 20, 13, 21, 09).

On a final note, for a state with such persistently wide discrepancies in school district per-pupil expenditures, it seems surprising that Vermont's first legal challenge to the constitutionality of the state's system of school finance was not filed until 1995. In contrast, reform advocates from many other states with similar school funding discrepancies filed cases during the "first wave" of school finance litigation in the 1970s. Vermont's delay can be attributed to a variety of reasons, including: 1) an attachment to local control and a tradition of self-reliance that trumped the desire for fiscal equity; 2) a state legislature just responsive enough to quell periodic unrest among property-poor school districts; and 3) a sense that the state's vaguely worded constitution was unfriendly to school finance challenges (Hoffman, 1993g).

Chapter Summary

This chapter sought to explain the policy context for the passage of Vermont's landmark school funding legislation, Act 60. In doing so, it highlighted the value Vermonters place in the cultural ideas of local control and progressivism, the state's moralistic political culture, and the state's faltering economy in the early years of the 1990s. The chapter also provided information regarding the structure, composition and rules of the state institutions that run Vermont and emphasized the important role of local towns in the provision of governmental services such as education. It then outlined the numerous non-governmental organizations active in school finance reform policy and concluded with a review of the school funding issue area at both the national and state

levels to help understand the pressures for change building in the subsystem as this case study's period of study commenced. In that regard, the chapter highlighted Vermont's continued reliance on the local property tax to fund schools well past the time other states had assumed greater responsibility for school funding. It also noted that this approach disproportionately burdened property-poor school districts, particularly during times of fiscal downturn when the state failed to meet its state aid to education obligations.

CHAPTER FIVE

CASE FINDINGS AND INTERPRETATIONS

This chapter presents the findings of the case study of the policymaking process resulting in the passage of Vermont's Act 60 and attempts to answer this study's first research question: *How did contextual forces and actor relations interact to bring about a non-incremental school finance reform policy in Vermont?* Building on the contextual factors that shaped the policymaking landscape described in Chapter Four, this chapter first summarizes the *Brigham v. State of Vermont* legal decision and its resulting legislative action. It then examines the policymaking dynamics at work within and across the four decisionmaking arenas outlined in Mazzoni's revised model. Within each arena, the analysis highlights the actors who operated in that arena along with their goals, motivations, resources, influence strategies, interactions and outcomes in an effort to understand the non-incremental policymaking process that created Act 60. Finally, this chapter will conclude with an interpretation of actor influence on policy outcomes based on study data as presented in the case findings.

Synopsis of Judicial Action

On February 5, 1997, the Vermont Supreme Court ruled the state's system of school finance to be in violation of both the state's Education and Common Benefits clauses (Vermont Constitution Chapter I, Article 7 and Chapter II, Section 68) of the state constitution. To this end, the justices ruled:

In this appeal, we decide that the current system for funding public education in Vermont, with its substantial dependence on local property taxes and resultant wide disparities in revenues available to local school districts, deprives children of an equal educational opportunity in violation of the Vermont Constitution. (*Brigham*, 1997, p. 4)

Further, the Court argued that “[t]he distribution of a resource as precious as educational opportunity may not have as its determining force the mere fortuity of a child’s residence” (*Brigham*, 1997, p. 15) and mandated that the state ensure that school funding was a function of state wealth, not just the wealth of the town where the school was located. Importantly, the ruling did not call for exact equality of funding. Rather, the court emphasized that:

...absolute equality of funding is neither a necessary nor practical requirement to satisfy the constitutional command of equal educational opportunity... Equal opportunity does not necessarily prohibit cities and towns from spending more on education if they choose, but it does not allow a system in which educational opportunity is necessarily a function of district wealth. (*Brigham*, 1997, p. 17)

In its ruling the Court made it clear that it was the state’s responsibility to design a new system that provided every school child access to education funding that was substantially equal to that which all of the students in the state had and charged the legislature to design a new state aid formula consistent with its findings.

Synopsis of Legislative Response

In a rapid response to the Supreme Court’s *Brigham* decision, the Vermont State Legislature approved legislation revising the state’s system of school finance on June 5, 1997. Known formally as the Equal Education Opportunity Act, Act 60 dramatically reduced the state’s long-standing reliance on local property taxes to fund schools in favor of two new funding mechanisms that redistributed property wealth from property-rich school districts to property-poor school districts: 1) a statewide property tax used to provide a \$5,000 per-pupil block grant; and 2) a guaranteed yield second tier local

property tax for those districts wishing to spend above the block grant. Act 60²¹ is comprised of four key financial components: the block grant, categorical grants, the local share property tax and the income sensitivity provision (Proulx & Jimerson, 1998).

Under the terms of the legislation, the majority of state aid to education is funded by a uniform statewide property tax of \$1.10 per \$100 of property wealth. Approximately six percent of the block grant is funded by new general fund state taxes including a one cent increase in the rooms and meals tax, the maintenance of the sales tax at five percent,²² an increase in the gasoline tax to 19 cents and various adjustments to corporate income, bank franchise, telecommunications, brokerage and lottery revenues.

The bill guarantees that all students will be supported by a per-pupil block grant expenditure that is adjusted annually for inflation.²³ Additional categorical funding is provided for special education, school construction debt service and small schools. Under the terms of Act 60, state funding for special education increases from 38 percent to 60 percent of total district expenditures. Technical education students, high schoolers, and students living in poverty receive a block grant worth an additional 25 percent in weighted funding. For example, with a block grant of \$5,000, schools with students in these categories would receive \$6,250 in per-pupil funding. Limited English proficient students receive a block grant worth an additional 20 percent in weighted funding and small schools receive additional money on a sliding scale based on their size.

²¹ Act 60 also contains various education quality measures but these portions of the bill are not analyzed in this case study because they were neither the focus of the Supreme Court's ruling nor deemed particularly controversial or innovative (Shelly, 2011).

²² Rather than letting it sunset as planned.

²³ At the time of the bill's passage, this amount was approximately \$5,000 per student.

The local share property tax allows school districts the opportunity to levy additional local property taxes to supplement the block grant. This component of the bill is important because approximately 89 percent of school districts spent above the \$5,000 block grant during the 1996/97 school year (Picus, 1998). However, these additional funds are equalized through a guaranteed yield formula that recaptures local property taxes at the state level and redistributes them back to local school districts based upon local tax effort. This mechanism ensures that all towns that levy property tax at the same rate, regardless of local property wealth, receive the same financial yield from that property tax.

Finally, the income sensitivity provision caps homestead property tax liability at two percent of income for those households with “modified adjusted gross income” under \$75,000. A “homestead” is defined as a primary residence and two acres and is meant to prevent vacation homes and additional acreage from being subsidized. If a resident’s income is \$47,000 or less, the combined municipal and educational tax cannot exceed five percent of the homeowner’s annual income. As of 1996, an estimated 88 percent of Vermont households had incomes below \$75,000. According to school finance expert Lawrence Picus (1998), the income sensitivity component allowing the vast majority of Vermonters to pay for schools based on income is Act 60’s most unique provision in that it affords substantial vertical equity²⁴ as well as horizontal equity.²⁵

²⁴ According to Odden and Picus (2008), vertical equity “is the principle used to describe how a tax treats individuals in different economic situations” (p. 331). In the case of Vermont, the income sensitivity component made property taxes more progressive, thus promoting vertical equity.

²⁵ Odden and Picus (2008) define horizontal equity as “equal treatment of individuals in the same, ore equal, circumstance” (p. 331).

Designed to comply with the court's requirements and to dramatically improve the fiscal equity of Vermont's system of school finance, Act 60 represented sweeping change to Vermont's school finance landscape by completely reversing the state's traditional reliance upon local revenue sources. Under the new law, school funding went from a combination of approximately 70 percent local funds and 30 percent state/federal funds to a combination of approximately 30 percent local funds and 70 percent state/federal funds. Reflecting on this change, Proulx and Jimerson (1998) commented: "Act 60 will radically increase the proportion of state money designated for public education, and will change forever the manner in which taxes are calculated and collected, state money distributed, school expenditures and revenues reported, and to some extent, how money is spent" (p. 9).

In addition to these sweeping fiscal changes, Act 60 forced Vermonters to relinquish the traditionally held notion that a citizen's responsibility for funding schools did not extend beyond the town of his or her residence. As Jimerson (2001) notes: "Accepting Act 60 entails making a shift from defining community as a particular town to thinking of community as the entire state of Vermont" (p. 12) These psychic changes have proven to be as sweeping as the financial ones.

Enacting Act 60

While the legislative response to the *Brigham* decision took just four months, the passage of Act 60 in 1997 was the culmination of a long process dating back to the early 1990s (Rebell & Metzler, 2002; Mathis, 2000). Act 60 represents a major policy innovation in that it is a break from several decades' worth of state aid funding formulae

that combined limited state general fund tax dollars with a preponderance of local property tax revenues to pay for schools.

This section describes this non-incremental policy formation process and utilizes the Mazzoni (1991) framework as an orienting structure. It traces the progression of the impetus for reform from the subsystem arena to the commission arena to the macro arena and, finally, to the leadership arena. In the arena model, power is mediated by arenas. Each arena legitimates a set of participants, establishes the rules of engagement and shapes the potency of actor resources and strategies. Each subsequent section will outline the arena under study, the actors operating in that arena and their goals, motivations, resources and influence strategies as they sought to influence policy outcomes with regard to the issue of school finance reform in Vermont.

Subsystem Arena

According to Mazzoni (1991), a policy subsystem is comprised of a relatively stable cadre of legislative committee members, bureaucratic specialists and interest groups involved with a specific policy issue. Within the subsystem, this stable group of interested parties tends to engage in pluralistic bargaining to help accommodate as many interests as possible (Fowler, 1994). This bargaining is often conducted in an orderly manner away from the glare of the public spotlight. While conflict may be present, it tends to be short lived and resolved through negotiation.

A review of primary and secondary source data reveals that the subsystem as described by Mazzoni was only partially reflected in Vermont with regard to the issue of school finance. First, neither informant nor documentary data indicated that members of the state education agency were involved with influencing school funding decisions. In

fact, informant data indicate that the State Commissioner of Education's funding recommendations were routinely ignored by the legislature. Rather than basing funding decisions on the amount of money required to provide a "sound basic education," legislators, instead, set the school aid funding levels based on available state revenue.

Regarding this fact, one informant commented:

The legislature would decide how much it wanted to appropriate, figure out what the reasonable tax that would generate that sum of money would be and that's what they would call the reasonable tax rate. As a consequence they manipulated the Foundation Formula so that it stopped working the way it was intended. (Informant 19)

Second, neither informant interviews nor document reviews revealed existence of state-level school finance reform advocacy organizations. As noted in Chapter Four, traditional state education organizations such as the Vermont-NEA and the Vermont Superintendent's Association were, indeed, a lobbying presence in Montpelier. However, because their memberships were internally divided on the issue of school finance, they did not exert particular influence for fear of testing member cohesion.

This lack of any meaningful state-level school finance reform advocacy coalitions may be attributed to four contextual features of Vermont's school funding policy system. First, as noted in the previous chapter, Vermont's tradition of relying upon school districts to provide the vast majority of its school funding through the levying of local property taxes meant that state aid to education contributed a relatively small amount to total education spending. Jeff Wennberg, mayor of the town of Rutland in southern Vermont, argued that because school spending was viewed as a local issue it received scarce attention in state policy circles. In a commentary for the *Rutland Herald*, Wennberg (1995) noted:

The reason we have a property tax crisis, the reason local taxpayers are in this hole, is because education spending has never been a priority in Montpelier. Only about twice a decade does education bubble near the top of the legislature's agenda. For the remaining eight years money for schools is cut. Taxpayer relief is underfunded. Mandates are applied with little concern for how they will be financed. (p. 16)

Thus, only when the school funding issue achieved "crisis" status did Vermonters look to the state to address the issue. For the remainder of the time, state education aid languished as an afterthought.

A second contributing factor to the lack of a state education reform lobby may be attributed to the fact that the state legislature had historically been somewhat responsive to voter concerns on the school funding issue. This intermittent attention by the legislature resulted in the passage of numerous school finance reform mechanisms over the years. While the fiscal equalizing aspects of these reforms waned after a few years, they did succeed in periodically appeasing voter anger through reduced property taxes. As one interviewee noted: "The various formulas did tamp down the unfairness because at the beginning the legislature always appropriated the amount of money they were supposed to" (Informant 19). Each time the issue fell on the political agenda, the impetus for advocacy diminished. As a result, Mathis (2000) deemed reform efforts "usustained."

A third aspect was the fact that various types of state education aid were budgeted as separate line items rather than as part of a combined state aid package. An informant outlined the negative impact this budgeting strategy had on advocacy formation:

[There was] all sorts of eating away around the edges of school funding because it was a line item, it wasn't a [combined] formula. There was a line item for state aid, there was a line item for special ed, there was a line item for reimbursing towns for current use property, and there was a line item for the low-income [property tax] rebate.... [Each cut to a budget line] only affected a minority. Each one had its own little constituency.... There were just so many interests at play. (Informant 21)

Whether purposeful or an accident of history, the separate budget lines hindered the development of a critical mass of school finance advocates who coalesced around a single reform agenda.

Finally, the very low bar to enter public office in Vermont meant that particularly motivated individuals could choose to directly join the legislature to influence school finance policy rather than attempt to exert influence through advocacy organizations. For example, two informants noted how their intense personal interest in the issue of school finance reform launched their political careers:

Education finance reform was the major reason that I ran for office. It was because I realized it was the only place that I could change what I thought was harming the children of our community. (Informant 13)

I remember very vividly I was gardening and I just was pissed off. I totally messed up what I was doing. I was planting potatoes and I was shoveling and arguing to the world as I was shoveling and I ended up planting a row of potatoes right over the potatoes I had just planted. I realized there's a more constructive way to take out my frustrations on the legislature. So I largely ran for the legislature wanting to be involved in the [school finance reform] discussion. (Informant 21)

Mathis (2000) confirmed the lack of distinction between advocacy work and political life in Vermont when he noted: "With a highly localized and informal structure, the lines between civil society and politicians were blurred. Elected representatives often sat with groups pressing for reform. Reform energy flowed most strongly from the House of Representatives..." (p. 7).

Taken together, these four contextual forces can help to explain the noticeable absence of a state-level school finance lobbying apparatus. Based on a review of primary and secondary source data, it appears that the school finance policy subsystem was comprised largely of the governor and state legislators. The following sections will turn

to an appraisal of their goals, motives, resources and influence strategies at work within the school finance policy subsystem.

Subsystem Arena: Actors, Goals and Motives

This section outlines the goals and motives of the policy actors operating in the Vermont school finance policy subsystem. As noted above, Vermont's school finance policy subsystem primarily consisted of the governor and members of the state legislature. Within the policy subsystem, those actors negotiated the allocation of state aid to education within the broader framework of the annual state budgeting process.

Governor Howard Dean

Having served as Vermont's lieutenant governor since 1987, Howard Dean became Vermont's 79th governor in 1991 upon the death of Governor Richard Snelling. Snelling, a Republican from Shelburne, had won the 1990 gubernatorial election on his promise to help restore Vermont to fiscal health. At the time of his election, the state was mired in recession and facing a \$65 million deficit. Soon after his inauguration, Snelling orchestrated a series of tax increases with the powerful Democratic Speaker of the House Ralph Wright to help arrest the debt. One informant remembers the governor's deficit plan consuming almost the entire 1991 legislative session:

In 1991, the big issue was the deficit. We had a huge deficit because of the recession. 1991 is when Ralph [Wright] and the governor put together their deal. They put in place a temporary progressive income tax to solve the problem and raise \$82 million in taxes. (Informant 03)

However, Snelling died in office shortly thereafter. When Howard Dean assumed office, even though he was a Democrat, he continued Snelling's focus on fiscal restraint. Three respondents remember Dean's commitment to cost containment in his early years as governor in the following way:

We had had the first Snelling administration and then six Kunin years. The economy was in a very different place. Snelling was elected a second time to come back in to try to guide the ship through. Then he died after several months. Howard was a very accidental governor. He kept a lot of Snelling's people around him.... Howard was absolutely adamant about balancing the budget. He was as tight as anybody I have ever been around. (Informant 02)

Well you've got to remember that [Dean] came in in the middle of the worst economic recession that we'd had since the depression. And he came in with Dick Snelling having died and him being responsible for implementing a plan that Snelling worked out with Ralph Wright in the previous legislative session. Somebody gave him religion because he stuck to that tone during his entire tenure. (Informant 09)

So then Snelling dies but he had made a promise – and people still talk about it today – about sustainable spending. He had agreed to raise taxes but there were already sunsets in the law so Howard Dean came in and he said, "I am going to keep that promise to sunset those taxes." So essentially from 1991 through 1994 it [the budget] was level funded. (Informant 15)

Dean's laser focus on debt reduction and controlled spending in the face of declining state revenue trumped his interest in maintaining the state's share of aide to education. As one informant noted:

Much to the surprise of many Democrats and many Republicans, [fiscal constraint] was his top priority almost all the time. I mean certainly healthcare and some other things were up there but he really did seem to be focused on cost containment. He didn't seem to be interested in education funding. (Informant 09)

Indeed, one legislator recalled Democrats' frustration with Dean's fiscal restraint:

[Dean] didn't even feel like [school funding] was an issue.... We used to go into Ralph Wright and complain about Howard, we liberals, because [Dean] wanted to control expenses and keep taxes down. We didn't want to sunset the income tax. [Dean] wanted to be sure we allowed the [tax] sunsets to go through on the tiered income taxes. Ralph used to say to us, "Look, [Dean] may be a 'Republican' but he's our 'Republican.'" (Informant 07)

To keep state expenses as low as possible, Dean sought to level fund²⁶ the education budget and had a variety of reasons for doing so. First, state aid to education was the biggest line in the state's budget and had risen dramatically during the Kunin administration. In light of the large increases throughout the late 1980s and the state's current fiscal difficulties, Dean argued that it was time for school districts to implement cost containment or cost reduction measures at the local level rather than receive additional state funding (Hoffman, 1993a). As one informant noted:

All of the spending in the Kunin administration flopped over onto the property tax when this kind of spending couldn't be supported by the general fund because the general fund all of a sudden had higher welfare case loads, higher Medicaid case loads. (Informant 15)

Second, as the previous quote indicated, cuts in education freed up money for other policy priorities. An informant recalled his perception of the governor's line of thought on this issue:

He needed to pay for things that state governments paid for and he figured, "If we put pressure on schools to keep their costs down, I can keep doing programs for young children and the elderly and the disabled and the other things that state government does." (Informant 13)

As a physician, Dean possessed a particular interest in expanding medical coverage for children. One informant detailed how this policy priority impacted education funding:

Quite frankly, education funding was not a top priority [for Dean]. His claim to fame was healthcare. So this is the period that we started Healthy Babies, Success by Six, The Vermont Health Access Plan, which was a major expansion of Medicaid up to 300 percent of the poverty rate. (Informant 15)

²⁶ Given that education expenses such as salaries and retirement payments rise annually, level funding effectively serves as a cut to state aid.

Third, he looked for budget cuts that could be offloaded to other funding sources. In the case of K-12 education, Dean knew that reductions in state aid would largely be made up through increases in local property taxes. Regarding this fact, an informant noted:

We were going through a period when the economy was bad and the governor's strategy in that time was to starve any place where general fund dollars were spent. He started at the universities and colleges by raising tuition. He starved [K-12] education because property taxes could be raised [to compensate]. (Informant 13)

Finally, not living up to state aid to education obligations in times of financial decline was a time-tested approach for Vermont's state leaders (Mathis, 2000; Hoffman, 1993c). Although in 1969 the Vermont legislature had passed a law setting state spending for education at no less than 40 percent of total education expenditures (Rebell & Metzler, 2002), it did not include any provision for ensuring that the state legislature met this level of financial obligation. Indeed, state funding of schools never exceeded 37 percent of general education expenditures and at one point in the early 1980s even dropped to 17 percent of total education expenditures (Vermont Department of Education, 1993).

House and Senate Legislators

Given Dean's budgeting constraints, legislators faced tough choices in their annual appropriations. On the one hand, under the terms of the Foundation Plan, they had been charged with maintaining "...the foundation cost per pupil at the level which will allow a typical school district to provide its elementary pupils with an education meeting the requirements of the State Board for approval of public schools" (Vermont Department of Education, 1992, p. 1). On the other hand, they needed to fund a variety of other state programs in a climate of scarce resources.

According to one House member, it was neither the very rich nor the very poor school districts that suffered the most under Dean's efforts to level fund the budget during the early 1990s. "The majority of towns weren't hurt by it until it started to get really underfunded.... But it dramatically affected towns, especially those marginal towns. That's where the hit really took" (Informant 21). For legislators from these districts, school funding was a priority. However, they were a minority of the legislature. Legislators from higher property wealth towns had sufficient slack in their property taxation rate and could absorb the state reductions while legislators from exceptionally poor school districts still received their state aid under Dean's level funding plan. Legislators from these districts didn't want to see their general fund taxes raised to pay for additional state education aid to these marginal districts. As one informant put it: "Why do I want to raise my people's income tax so that your town can get state aid?" (Informant 15)

Importantly, during this period, support for a wholesale school funding formula change was not present among the majority of Vermont's legislators. One informant spoke of his experience as an advocate for school finance reform in the legislature during this time:

For a few years it [the Foundation Plan] worked well. Everybody seemed to be happy. The state aid went up for towns but it wore off after a while, especially when the economy went down and the legislature couldn't raise enough money to keep the funding levels high. I went to the Ways and Means Committee to try to tackle the problem on that side and we were also trying to make it more income based so there were a few ways that we were looking to do that but none of them were really getting any momentum. (Informant 16)

During the 1991 legislative session, Representatives Paul Cillo and John Freidin introduced H. 556, the first of several school finance reforms bills they would introduce.

H.556 sought to impose a statewide minimum education property tax rate. However, the debate over income and sales tax increases dominated the 1991 session. With the Ways and Means committee focusing almost exclusively on this issue, their reform bill received little attention (Informants 03, 07). The subsequent year, the chair of the powerful House Ways and Means Committee, Oreste Valsangiacomo, introduced H. 907, a bill proposing the implementation of a uniform statewide property tax to fund schools up to half of the aggregated per-pupil foundation cost. Even with the power afforded a committee chair, his bill did not garner sufficient support to be reported out of the committee. An informant attributed the lack of enthusiasm for formula change among legislators to the fact that the legislature had just passed the Snelling/Wright tax increases of 1991: “We had already raised \$82 million in taxes so raising the statewide property tax on top of that, it just wasn’t going anywhere then” (Informant 03).

However, at the same time, this legislator saw the merit in introducing bills that perhaps weren’t ready for full consideration by the House: “You never know. You just try to get your name on it. You start a conversation” (Informant 03). In doing so, legislators attempt to “soften up”²⁷ the legislative subsystem. For as Kingdon (1995), notes: “Without this preliminary work, a proposal sprung even at a propitious time is likely to fall on deaf ears” (p. 128).

Subsystem Arena: Actors’ Resources and Strategies

This section highlights the resources and strategies utilized in Vermont’s school finance policy subsystem. In this arena, Governor Dean utilized his positional authority to continue his policy of fiscal austerity. In the face of this fiscal restraint, legislators turned

²⁷ Kingdon (1995).

to negotiating spending tradeoffs across a variety of competing policy interests as a means to satisfy constituents.

Governor Howard Dean

As governor, Dean possessed three key resources that allowed him to follow through on his promise to continue the fiscal conservatism of Governor Snelling despite the objection of liberal Democrats in the House. First, Governor Snelling's tax increase package had been negotiated in a bipartisan manner with the support of Democratic House Speaker, Ralph Wright. Sufficient political will existed on both sides of the aisle to ensure that the debt was retired and that the new taxes were sunset on time. On informant recalled that Dean relied on a group of moderate House Democrats to hold the line against liberal Democrats' push for budget increases:

The House was trying to pass budgets that relied on these taxes and then put people in the position of in the position of saying, "Oh, well, we've already passed the budget, now we have to keep the taxes." Dean was trying to get the taxes cut first so that the budget process had to face that economic reality. And it was with the Blue Dog [Democrats] that he was able to do that. This is in the House. The Senate was Republican so the Senate was a little bit more of an easier venue [for Dean]. (Informant 15)

Second, state aid to education funding laws did not penalize the governor or the legislature for underfunding its commitment. One informant succinctly noted: "...given the constructs of the Foundation Formula, you could say, 'This is all education is going to get.'" (Informant 15). Third, Dean's veto power over the legislature's budget gave him security in moving forward on a fiscally conservative path, particularly given support from Blue Dog Democrats in the House and Republicans in the Senate. With these resources in hand, he successfully oversaw the passage of state budgets with only

minimal annual funding increases between FY 1992 and FY 1994 (Vermont Department of Education, 1993).

House and Senate Legislators

When faced with budget shortfalls, legislators have the option of increasing taxes to raise revenue. However, this option did not appeal to Vermont legislators for two reasons. First, they had just passed a substantial tax increase to help retire the state debt. Second, Governor Dean and Senate Republicans strongly opposed the implementation of additional taxes, particularly income taxes. As one informant noted, the governor “wanted income taxes to go down, down. He didn’t want any kind of income tax increase” (Informant 07). Another informant remarked: “The Senate was Republican controlled and they were very concerned that the income tax would be harmful to business” (Informant 13). Lacking the political will to increase tax revenue in a time of economic decline, legislators turned to the battle of divvying up the austere budget presented by Governor Dean.

According to Mazzoni (1991), revenue shortfalls “make protectionist turf-guarding even more the operating strategy among established interests and fuel adversarial zero-sum bargaining in the subsystem arena” (p. 119). Indeed, as general fund dollars tightened, spending tradeoffs heightened friction between representatives from property-poor and property-rich districts (Informant 13). Legislators from high property wealth districts increasingly voted down education aid packages because they knew that under the terms of the Foundation Plan aid money would not be destined for their schools (Rebell & Metzler, 2002; Curtis, 2002; Informants 16, 08, 06). Two state employees

described the process used by legislators to determine their vote on school aid appropriations under the Foundation Plan in the following way:

When I first got here, the funding formula was level funded for several years. If you look at the Foundation Formula, it's because gold towns were not getting any money from state aid. There were several other towns that were getting minimum aid so it didn't matter how much money went into it, they got x dollars. There were very few towns that were affected by the actual funding of state aid, so when times were tough it was very easy to cut it. (Informant 08)

And so what always happened was there would be whatever formula we had. It was the Foundation Formula at the time. And there'd be state aid going into it and there would be some towns that got state aid and others who didn't. And the argument was basically how much state aid do I get this year? That was the debate you know. You look at the spreadsheet. Look at your towns. You see how much state aid you were going to get. (Informant 06)

In the end, consideration for constituents overruled concern for the integrity of the Foundation Plan because many legislators preferred allocating funds to other policy areas that would return benefits to their voters. As Mazzoni (1991) notes: "The predominant bias of the subsystem is toward interests already represented [in this case the legislators' constituents] at the bargaining table, interests accepted by lawmakers as having a legitimate and substantial claim to favorable treatment. The inevitable consequence is that unstated, self-serving, self-protective defensive considerations shape public policy" (p. 117). Thus, the legislators' self-serving approach, while understandable, served to create a cycle whereby reduced funding to state aid led to fewer towns "on the formula." In turn, this cycle meant that in subsequent years, even fewer legislators had an incentive to prop up the education aid budget and even more towns fell off the formula. One proximate observer commented that this phenomenon was a persistent issue in the Vermont legislature that dated from the inception of the Hunt-

Simpson formula in the 1960s: "...the problem with every single plan was that the legislature had too much discretion about how much money they were going to allocate to state aid to education. When times are tough they always appropriate less and less and less." (Informant 19)

Reductions in legislative appropriations served to render the equalizing functions of the Foundation Plan increasingly ineffectual (Vermont Department of Education, 1993). As the state share to education dropped, towns were forced to raise property taxes to generate the funds once provided by the state. However, extreme differences in district property wealth meant that some districts could more easily replace their state funding than others. Disparities in property wealth, in turn, exacerbated disparities in education spending among towns. According to the Vermont Department of Education (1993), "[i]n terms of equity in per pupil spending, a pattern of improvement in student equity was shown from 1987 through 1991, but has shown a reversal since.... Equity in spending became worse with level funding and rescission of state aid" (p. 11). This growing inequity was accompanied by "... a significant and strengthening relationship between spending and property wealth of a district" (p. 12).

Subsystem Arena: Concluding Interactions and Shift to the Commission Arena

A review of the primary and secondary source data relating to the school finance policymaking subsystem in Vermont substantiates Mazzoni's position that innovation is not destined to emerge from the policy subsystem. Study data indicate that Governor Dean was preoccupied with keeping state spending as low as possible to arrest the state's debt. Mazzoni notes that policy innovation is unlikely in a period of budget shortfall such as the one experienced by Vermont in the early 1990s. In addition, school finance reform

simply did not figure prominently on Governor Dean's policy agenda. As a result, he was not motivated to utilize his substantial resources to effect policy change. In this climate of scarce resources and gubernatorial indifference, state legislators became preoccupied with appropriating limited state dollars across a wide spectrum of state programs to satisfy as many constituents as possible. This effort to spread dollars across policy areas limited the state's ability to reform its education aid program and served to create a negative cycle whereby more and more school districts received fewer and fewer state aid dollars with each successive legislative session. This account of the policymaking process in Vermont's school funding subsystem substantially accords with Mazzoni's (1991) expectations for subsystem politics where:

Pragmatic accommodation among a domain-specific elite through logrolling and bargaining is the modus operandi in the allocation of stakes [in the policy subsystem]. Such processes yield incremental outcomes: for system maintenance decisions realize interests, express conventions, and facilitate harmony among participants. (p. 117)

The arena model posits that an arena shift from the policy subsystem into another policy arena is a necessary precursor for policy innovation. Mazzoni cites three key forces that help to produce a shift out of the subsystem arena. These include: 1) external pressures such as interest groups, crises, and skilled political outsiders known as policy entrepreneurs who press the subsystem for change; 2) available financial resources (or conversely severe fiscal crisis); and 3) idea champions – governmental insiders adept at pulling levers of government to achieve desired goals. Any one of these instigating forces can help an issue break out of the subsystem arena and into another policy arena where the chance for non-incremental policy change is substantially higher.

Between the years 1988 and 1992, the issue of school finance reform declined on the state's political agenda as the Foundation Plan was hailed as the solution to Vermont's school finance woes (Rothman, 1987; Hoffman, 1993c). However, as state aid to education declined in the face of economic recession and government belt tightening, the issue began to rise on the public's agenda once again as more and more towns compensated for state funding shortfalls by increasing local property taxes. One administration official describes the situation in the state during this time in the following way: "Everyone... was saying, 'We've got to do something about property taxes. Property taxes are bad'" (Informant 15).

For years, residents of the state tolerated wide disparities in education spending and property tax rates that were the result of vastly differing property values from one town to another. While the Foundation Plan helped to mitigate these disparities by providing aid to property-poor school districts, spending differences remained significant (Vermont Department of Education, 1993). Cobb and Elder (1983) argue that resource imbalances, in and of themselves, do not create an issue worthy of government attention (Cobb & Elder, 1983). Rather, an issue is created when a particular group perceives the imbalance to be somehow unfair or damaging. In this instance, citizens from marginal and property-poor school districts began to believe that they were paying more than their "fair share" of property taxes while still not being able to afford basic educational necessities in the face of state funding retrenchments (Informants 13, 20, 03, 07, 16, 21, 04, 12).

The economic recession of the early 1990s brought the issue of school finance reform back to prominence as the state decreased its share of assistance to needy districts.

The pressure to raise local property taxes to offset state shortfalls intensified taxing disparities between property-rich and property-poor school districts and heightened political tensions. Residents of property-poor towns began to resent having to take what they perceived to be inordinate taxing measures just to fund basic educational necessities while their property rich-counterparts could afford “extras” such as second language instruction, computers in classrooms and up-to-date libraries with a relatively light taxing effort. Brandon Town School Board Chair Bruce Bove voiced his frustration to the

Rutland Herald:

...we had to consistently raise the tax rates for the Brandon voters to provide what we thought was just an adequate education and had to defer maintenance to keep the taxes at what we thought was a reasonable level. (Anderson, 1997, p. 12)

Study informants detailed similar frustrations at the taxing and education funding disparities between property-wealthy and property-poor school districts:

So in communities like mine that had no business, no commercial, no manufacturing tax base, it was killing us. I mean we would talk about \$50 items in the school budget and a couple of times... community groups got together to raise money for extracurricular activities so that taxpayers wouldn't have to pay. It was awful. So it became more and more divisive between the property-wealthy communities and the rest. (Informant 13)

...our town's ability to raise even a small amount of money to build basic stuff like a library and a kitchen where meals could be prepared and adequate conference space for kids and teachers was incredibly small compared to other towns. The largest taxpayer in our town is the telephone company for the poles that line the roads and that is literally true. We have no other taxable commercial property to speak of except for a general store.... You're left with an incredibly thin property tax base from which to raise money. (Informant 20)

In early 1992, newspapers began to write stories about groups of citizens charging that the governor was balancing the state budget “on the backs of the local property taxpayer” (Graff, 1992a, p. 10) and printed predictions of “school tax revolts” (Mitchell,

1992a). According to informants, citizen pressure was mounting for Dean to address the school finance issue:

When [school funding] reached crisis proportions and school budgets were being voted down then it became something that [Dean] couldn't ignore anymore. (Informant 17)

I think it was starting to be headline news. [High property tax rates] were becoming a problem for people in a way that was unavoidable so it became a political problem. (Informant 03)

As a means to manage the growing pressure for property tax relief, Dean utilized the authority of his office to shift the issue to the commission arena when he appointed the Governor's Blue Ribbon Commission on Educational and Municipal Financing Reform via Executive Order 06-92 in May of 1992. One informant explained Dean's reason for forming the Blue Ribbon Commission:

Property taxes were a big issue but Dean couldn't solve it because his priority was paying of the state's \$65 million deficit. The commission was a way to engage the people on the issue without costing money, which we didn't have at the time. (Informant 15)

According to Sulzner (1971), a study commission such as the Governor's Blue Ribbon Commission can be regarded not only as "symbols of official concern" but also as "vehicles for political pacification" (p. 445).

Indeed, Howard Dean was aware of the growing discontent among certain segments of Vermont's citizenry. Not coincidentally, Dean announced his plans for the formation of his Blue Ribbon Commission at a day-long forum arranged by the Vermont League of Cities and Towns, a powerful lobbying organization well known for its efforts to reduce the state's reliance on the property tax as a means to fund education (Informants 01, 09). In his address to the group, Dean acknowledged the pain some residents were experiencing due to increases in local property taxes and informed forum

participants of his intent to have the Blue Ribbon Commission ready a concrete plan of action in time for the 1993 legislative session (Graff, 1992a). Dean further commented that this commission would not be “a theoretical task force” but rather that he was asking for a “specific plan of action to get a bill through the legislature” (Graff, 1992a p. 10).

Four months later on May 12, 1992, Governor Dean signed Executive Order 6-92 appointing the Governor’s Blue Ribbon Commission on Educational and Municipal Financing Reform. The Commission was charged with: 1) describing the current status of and recent trends in the cost and financing of elementary and secondary education; 2) examining the state’s current system of property tax and property tax relief with regard to education; and 3) submitting legislation for improving the cost and financing structure of education services (Governor’s Blue Ribbon Commission, 1993).

Commission Arena

In Mazzone’s (1991) model, commission arenas are comprised of relatively small groups of individuals representing a variety of points of view on a particular issue of concern. In the commission arena, appointed members engage in pluralistic bargaining in an effort to persuade group members to endorse a particular course of action. This arena offers a location for consensus building in a highly structured environment. While Mazzone cautions that the commission arena’s emphasis on consensual decisionmaking can lead to “lowest common denominator” policy solutions, he also notes that the commission arena’s freedom from the “overwhelmingly establishment bias of the subsystem” gives it the potential to legitimate, consolidate and expand new policy ideas (p. 130).

Commission Arena: Actors, Goals and Motives

According to document and informant data, the Blue Ribbon Commission was comprised of 20 members appointed by Governor Dean. These members represented various stakeholder groups including legislators, education professionals, municipal government officials, the governor's administration, the business community and tax experts. Given the nature of the arena, the actors represented a wide variety of perspectives on the issue of education funding and property tax reform. Many of the members were well known figures in state policymaking circles.

The chair, David Wolk, a former superintendent of schools in Rutland City, had recently retired from the Senate to run for lieutenant governor on the Democratic ticket. On the campaign trail he expressed his support for various reform measures including regional tax sharing (Mitchell, 1992a, p. 13). Paul Cillo, a House member from Hardwick and an ardent advocate of school finance reform served as vice chair. Other notable members included Senator John Carroll, a conservative Republican from Windsor who would soon become the Senate Majority Leader, Richard Cate, Executive Director of the Vermont Superintendents' Association, Deb Brighton, a longtime consultant on land use and tax policy issues, Douglas Hyde, CEO of Green Mountain Power and Tom Pelham, the governor's Deputy Commissioner for Finance and Management.

Chair David Wolk was an active supporter of school finance and property tax reform. In campaign speeches, he readily acknowledged that the education funding system in Vermont was "broken and needs to be fixed" and noted that he would make school finance reform a "top priority" if elected (Mitchell, 1992a, p. 13). A former teacher and superintendent from Rutland City, his hometown was among those hardest

hit by recent declines in state education funds. Having witnessed what he termed “draconian cuts” to his local school budget, Wolk was concerned about the impact of reduced funding on the quality of education received by local school children. He also characterized the state’s high reliance on local property taxes as regressive and unfair to local taxpayers. In addition to supporting regional taxes, Wolk also supported the ability of towns and municipalities to levy local option taxes. As a state senator, he had introduced a bill in 1991 authorizing local alternatives to the property tax, including a meals and rooms tax, a tobacco products tax, an alcoholic beverages tax and a sales tax.

As a member of the Governor’s Blue Ribbon Commission, Vice Chair Paul Cillo strongly supported school finance reform in Vermont. A student of the issue, Cillo had served on previous school finance study committees and was the founder of an informal study group known as the Little Tax Group that sought to bring opposing stakeholder groups together to discuss remedies to Vermont’s persistent school finance funding problems. He advocated an income-based taxing system that the Little Tax Group had devised in their meetings (Informants 06, 03, 09, 07). Cillo’s use of the income tax in lieu of the property tax was predicated on his belief that income taxes were less regressive and offered a better representation of a taxpayer’s ability to pay (Informant 03). This idea had recently gained currency in Vermont as policymakers involved in taxation issues increasingly questioned whether property holdings were an accurate gauge of a person’s wealth. As one informant remarked: “...I think the whole conversation around the fact that property was no longer a measure of your wealth was happening all across Vermont. I mean it started in my community in the early 1980s” (Informant 13). Another informant provided a good example as to why the connection between income wealth and property

wealth was, at times, tenuous in a state like Vermont where many have inherited farms and vacation properties:

If my grandparents left me a very nice summer home here on the lake... just because I own this home, it doesn't mean I am a wealthy person. It means it was in the family for years and years and I have been willed this property. (Informant 04)

Commission member Deb Brighton, another member of the Little Tax Group, aligned herself philosophically with Cillo and the income-based approach (Informants 06, 03, 09, 15; Hoffman, 1992b). Brighton began her career as a land preservationist but soon resigned her job with the state's forestry department to study tax policy issues from a broader perspective (Informant 06). Described by the *Rutland Herald* as "an expert on the property tax system," (Hoffman, 1992b) Brighton's knowledge and facility with number crunching made her a sought-after witness and consultant for numerous legislative committee hearings and state commissions dealing with tax policy issues (Informants 03, 10, 06). Regarding Deb Brighton, Mathis (2000) notes: "Deborah Brighton was an exceptional analyst... Her highly credible skills and objectivity resulted in her work being accepted as base data by both proponents and opponents [of school finance reform]" (p. 8). For the Blue Ribbon Commission, she prepared a document entitled *An Overview of Vermont's Property Tax* that served as a policy primer for Commission members.

Douglas Hyde represented the business community on the Commission. Hyde served as the President and CEO of Green Mountain Power. At the time, he also served on the Vermont Business Roundtable's Education and Training Study Committee. Since its founding in 1987, the Vermont Business Roundtable had taken an interest in various education matters including workforce training and educational accountability (Vermont

Business Roundtable, 1992). Like most of the business community, the Vermont Business Roundtable opposed the use of income taxes to fund schools on the basis that high income taxes made Vermont appear unattractive to business investment and high wealth individuals (Vermont Business Roundtable, 1993b). The Vermont Business Roundtable's 1993 publication, entitled *Restructuring Public Education in Vermont*, considered the use of income taxes to fund schools a "radical restructuring of education finance" (p. 20) that would "...give Vermont the highest marginal tax rate in the nation" (p. 18). According to the *Rutland Herald*, Hyde disliked the idea of paying for schools through income taxes and urged the Commission to support his own proposal which focused on: 1) enhancing the existing Foundation Plan through expanded property tax rebates to low-income residents; and 2) ensuring that state aid was directed to high tax burden school districts (Hoffman, 1992a; Governor's Blue Ribbon Commission, 1992).

Republican Senator John Carroll, described as a "free market conservative" (Informant 08), contested the notion that a property tax crisis existed in the state. Rather, he argued that local school budgets were simply growing too rapidly. To bolster his stance, he pointed to the fact that education spending had grown at twice the rate of inflation over the last 10 years. Like many Republicans in Vermont, his solution for reducing property taxes was to cut education spending at both the state and local levels. To the *Rutland Herald* he noted: "The most powerful form of property tax relief we could achieve would be to flatten off (education) spending" (Hoffman, 1992b p. 5). However, the immediate plan he brought forward for consideration by fellow Commission members was a \$75 million infusion into the existing state education funding formula coupled with

additional financial assistance to the state's low income property tax rebate program (Allen, 1992).

Several commission members opposed the approach of simply adding additional funds to the existing formula on the basis that it didn't actually fix the broken funding system (Allen, 1992). Among them was Burlington Mayor Peter Clavelle. As he commented to the *Rutland Herald*: "It's time to trade in the jalopy" (Allen, 1992, p. 10). While willing to entertain more sweeping proposals, he advocated that the Commission focus on a modest plan for immediate short-term relief to property tax owners. According to the *Rutland Herald*: "...Clavelle urged the Commission to seek a compromise and to propose some reform that the Legislature was likely to pass in the coming session" (Hoffman, 1992a, p. 12). In particular, Clavelle, described as "an ardent proponent of local option taxes," wanted the state to relinquish its sole taxing authority on sales, rooms and meals and income taxes so that towns could levy their own local versions of these taxes (Hoffman, 1992a, p. 12). Clavelle's views on the benefits of local option taxes closely tracked those of the Vermont League of Cities and Towns. This philosophical alignment was no coincidence. Clavelle was a past president of VLCT. The VLCT, considered a powerful lobbying organization in Vermont (Informant 21; Bryan & Hallowell, 1993), had advocated for local option taxes for several decades (Informants 01, 09).

Richard Cate of the Vermont Superintendents Association offered a plan that increased state aid to education by \$60 million and allowed property tax sharing among the state's 60 supervisory unions. Under his proposal, property taxes would be collected at the supervisory union level. Excess funds would then be redistributed back to school

districts in accordance with the distribution mechanisms established under the Foundation Plan (Hoffman, 1992a; Governor's Blue Ribbon Commission, 1992). Commission member Jeb Spaulding, Chair of the Senate Education Committee, also "...urged the group to consider more consolidated tax districts" because it would "provide more equity for taxpayers" (Hoffman, 1992b, p. 5).

Tom Pelham represented the interests of the Dean administration on the Commission. In his position as Deputy Commissioner for Taxation and Management, Pelham knew that the state's finances were in dire condition and that Governor Dean was deeply committed to putting Vermont's financial house in order by retiring the debt accumulated under the Kunin administration. According to one informant:

Tom Pelham was put on the commission to make sure that Dean was not put in a position to get hurt.... The hard reality was that the state had a \$65 million deficit. Snelling had raised taxes to pay it off and Dean was committed to sunsetting those taxes. This all needed to be done before property tax reform. (Informant 15)

In his capacity as a representative of the Dean administration, Pelham rejected plans that he thought would threaten the state's fragile economy, including the use of an income tax to fund schools (Allen, 1992).

In sum, the Governor's Blue Ribbon Commission was comprised of an eclectic and potentially contentious group of individuals representing a wide variety of policy positions on school finance reform ranging from those that advocated for minor adjustments to the existing Foundation Plan such as Douglas Hyde and John Carroll to those that desired a complete overhaul of the state's system of school finance such as Paul Cillo and Deb Brighton. A November 1992 article in the *Rutland Herald* characterized the Commission's diversity opinion with regard to how to best address the

state's school funding and property tax problems: "Some members argued for sweeping, radical property tax reform, while others said the panel had to consider political realities and proposed something the Legislature was likely to pass" (Hoffman, 1992a, p. 12).

As noted in its final report, the Blue Ribbon Commission met 14 different times between June 1992 and February 1993. These meetings included public hearings at the Vermont League of Cities and Towns' annual meeting and the annual meeting of the Vermont School Boards Association. In addition, the Commission invited national experts from the Education Commission of the States and the National Conference of State Legislatures to give presentations on national trends in education funding and tax policy.

The Commission's initial meetings surveyed current research and interviewed experts about criteria that would define an ideal tax system. After numerous discussions with tax expert Deb Brighton, the Commission endorsed five principles that would be used to evaluate various policy proposals. These principles included: 1) administrative efficiency (a tax system that is easy to administer); 2) economic efficiency (a tax system that minimizes unanticipated economic consequences); 3) horizontal equity (a tax system that treats people in equal situations equally); 4) structural integrity (a tax system that is diversified, stable and responsive to changes in economic activity); and 5) vertical equity (a tax system that treats people with unequal means differently). One informant described the Commission's process with respect to the development of its policy evaluation criteria:

Deb Brighton was doing some staff work for the Commission. She worked out this decision grid, just a matrix that basically said, "These are the qualities you want in a fiscal funding system, the five qualities: efficiency,

horizontal equity, vertical equity, administrative efficiency and structural integrity.”.... We were using this as an [evaluation] tool. (Informant 03)

After the Commission established its evaluation criteria, it heard testimony on various property tax reform and state aid to education proposals that had been advanced in Vermont in recent years. These proposals included a statewide property tax, a local income tax, resident state aid and local/regional option taxes. Commission members evaluated these plans, along with those that had been proposed by Commission members, against their ability to meet the five quality criteria they had established in previous meetings. The informant continued explaining the Commission’s policy development process as follows:

I remember going through this list and just circling the characteristics I thought were the best from the various plans and said, “These are really the things that we want, I think, from what people are saying. And that became known as the “Composite Plan;” the composite of elements from the various proposals. (Informant 03)

Specifically, the Composite Plan coupled the idea of a statewide property tax on nonresidential property with a local income tax. Discussion of the Composite plan dominated the Commission’s meetings throughout the fall (Hoffman, 1992e). However, while the Commission’s final report speculated that the Composite Plan could well be the ideal plan of the future, it noted that Commission members could not agree to advocate for such a “radical departure” from the status quo because it was not politically feasible at the current time (Governor’s Blue Ribbon Commission, 1993).

During the Commission’s final two meetings, members forged a consensus compromise where they agreed to recommend immediate legislative consideration of local option taxes and a minimum property tax on vacation homes coupled with a long-term study of the implications of the Composite Plan. As one informant noted: “They

didn't say no. They just said, "Deserves more study" (Informant 03). The group estimated that such a study would take at least a year to complete (Wolk, 1993).

Commission Arena: Actors' Resources and Strategies

While David Wolk was technically the Commission's Chair, he also was running for lieutenant governor and his campaign responsibilities took him away from the day-to-day work of the commission. Conversely, Paul Cillo happened to be running unopposed in his upcoming election. As a result, he had ample time to devote to the Commission's work. Cillo's position as Vice Chair afforded him the opportunity to direct the Commission in accordance with his policy priorities. One informant highlighted the advantages of Cillo's substantial positional authority: "Somehow Paul Cillo got Vice Chair and then Dave [Wolk] didn't come to the meetings. So Paul is setting the agenda, getting the witnesses, he's setting the process, he's there just doing the whole thing" (Informant 03).

As noted earlier, school finance reform topped Cillo's own personal political agenda. He viewed his position on the Commission as an opportunity to formulate substantive policy reform recommendations (Informants 06, 03). In particular, Cillo believed that the Commission could serve as an attractive vehicle for "debuting" a policy proposal he had been developing over the last year with individuals from various education and tax stakeholder groups (Informants 03, 06, 09). While group members were leaders of key interest groups, they had been meeting over the course of 1991 as private citizens to brainstorm and debate school finance policy issues in a freewheeling and off the record environment. Earlier that year, Cillo had observed the success of the Democratic Speaker of the House Ralph Wright and Republican Governor Richard

Snelling coming together to tackle the state's debt problem in a bipartisan manner and he sought to emulate their success in harnessing "the power of two opposing positions coming together" to tackle the school finance issue (Informant 03).

Key members of this private group included Richard Cate of the Vermont Superintendents' Association, Ellen David Friedman of the Vermont-NEA, Deb Brighton, Steven Jeffrey of the Vermont League of Cities and Towns and Paul Cillo (Informants 09, 07, 06, 03). This group, which came to be known as the Little Tax Group, met monthly for the better part of a year and sought to develop an ideal system of school finance for Vermont away from the glare of partisan politics. Four informants described how the Little Tax Group operated:

It was just "check your guns at the door." We weren't talking about this to other people. It was more thinking together about what was a sensible system. (Informant 03)

So we said, "Let's not start from where we are now and tackle little problems. Let's just throw it out the window and think about what would be a system that worked"... We tried all sorts of different things and we just let it go wide open. People weren't really protecting their turf because it wasn't public or anything. We were just thinking it through. (Informant 06)

We all sat around and we talked about, "Well, what would the best bill look like?" So we started to formulate clear and very precise goals. (Informant 07)

It was great. I still get goose bumps thinking about it. As far as the development of public policy, it was great. It was not clandestine but it was out of the total limelight. Nobody was seeing it. It wasn't a blue ribbon panel where everybody had to stake out their interests from the very beginning. It really let us explore a lot of different options that might not otherwise have been explored. I think what we did was we started off trying to create THE perfect system. (Informant 09)

The Little Tax Group members clearly relished the freedom to speak frankly and put a wide variety of policy options on the table in an environment that wouldn't punish lack of

conformity to well-established party and organizational lines. Along the way, some Little Tax Group members began to ask about the ultimate purpose of their meetings. One of the group's members spoke about the political value of being prepared with a policy option before the need arrives:

...I said (at that point I'd already learned that when the political opportunity arrives, you need to have a plan), "If we have a plan, the political opportunity will come and so we're just working on the plan now for when... and I don't know when the opportunity is going to come... It may never come... but this thinking will be something that we can use. (Informant 03)

What emerged from the Little Tax Group was initial formulation of the Composite Plan. Its centerpiece was the use of a local income tax in lieu of a local residential property tax to fund schools (Informants 06, 09, 03).

Cillo's membership on the Governor's Blue Ribbon Commission afforded him the opportunity to "debut" the Little Tax Group's "thinking" (Informant 03) Importantly, his positional authority as the de facto chair allowed him to include the Composite Plan as a viable policy option on par with other more established ideas that had been floating in the policy subsystem for many years (Governor's Blue Ribbon Commission, 1993). One Commission member describes how this goal was accomplished during Commission brainstorming sessions:

It is hard for me to remember, there have been so many of these [commissions], but this one scene I DO remember which is people were throwing out their different goals and stuff like that and for some reason I was assigned the task... so anyway I was supposed to take all of the ideas that people had thrown around and put them in a matrix with the goals... What it really was was putting the Little Tax Group's thinking up there front and center. I was a nervous wreck. It's true that when you get a bunch of people in a room and they all talk about this [i.e. school finance reform], a lot of the goals are very common. So they [commission members] had the same goals. It's just the pieces to make the goals work weren't out there so we had to do a little work on that. (Informant 06)

Throughout the policy formation process, Cillo and key allies such as Deb Brighton guided Commission members through a discussion of how the Composite Plan was the plan that best allowed them to meet the five goals that the group had established at the Commission's outset (Informants 03, 06). Cillo's use of his positional authority kept the Composite Plan on the table until December when it was finally voted down in December (Hoffman, 1992e) because it was not considered politically viable by a majority of Commission members.

While Cillo's political and positional resources were successfully utilized to further the Composite Plan, they were countered by the array of political resources available to the Dean camp. Although not a commission member himself, Howard Dean's influence was a presence throughout the Commission's duration. Initially, he utilized his positional authority as governor and Commission convener to make key appointments. His appointment power assisted him strategically in two ways.

First, he appointed a diverse group of interests. In theory, such diverse appointments would seem necessary to achieve the broad political consensus Dean sought. However, because these same factions had been working at cross points for decades, there was no reason to hope that anything but incremental policy changes would be adopted by the body as a whole. As one commission member noted: "It was a smart group of people from a wide variety of organizations tasked with obtaining a unanimous vote. That means the policies are not going to go too far off the reservation. The politics were too muted" (Informant 15).

In addition to appointing diverse interests, Dean also appointed a number of key friends and political allies to the commission. First among them was Commission Chair

David Wolk. According to multiple informants, Wolk and Howard Dean were good friends. In the mind of one Commission member this appointment meant: "...that the commission wouldn't go anywhere that Howard didn't want it to go" (Informant 15). Further, other members had connections to Dean or his administration. For example, Tom Pelham was Dean's Deputy Commissioner for Budget and Management, the daughter of Commission member Martha O'Connor, Kate O'Connor, worked in the Dean administration and Senator John Carroll was a personal friend of Dean's.

As Cillo steered the Commission towards an earnest discussion of the use of income tax to fund schools, Dean let it be known to his surrogates that this policy option was unacceptable. One commission member explains it this way:

We had heard from a tax analyst who regularly came to the meetings. We asked the question, "Could the tax department implement an income-based system?" He said, "Yes." Somebody was at the meeting and went back and told the governor and the governor flipped out.... That actually scared the Commission that the governor was paying attention at that level. There were other people on the Commission like Dick Cate that were lobbyists. They didn't want to upset the governor so everybody started to get nervous after that. The conversations became a lot less freewheeling after that. (Informant 03)

At the same time, Dean utilized the bully pulpit to spread the word that he did not support the income tax option because he thought that it would make Vermont appear unfriendly to business interests (Hoffman, 1992b). His press conference pronouncements on the issue made their way into Vermont's major dailies throughout 1992 (Hoffman, 1992c; Hoffman, 1992d). For example, *Rutland Herald* reporter Jack Hoffman (1992d) wrote:

Although Dean had said over the summer and fall that he did not want to interfere with the work of the Commission, he made it known recently that he did not like the idea of replacing the property tax with an income tax.

He said he feared high income tax rates – even if offset with lower property taxes – would hurt economic development in the state. (p. 6)

In public announcements, Dean also stated his desire for a unanimous or near unanimous decision by the Commission (Hoffman, 1992a; Hoffman, 1992c). In these speeches, he made forthright proclamations that he would not expend his political capital on Commission recommendations that were not consensual. For example in his November 24, 1992 news conference, he emphatically stated: “I’m not going to waste any political capital on this unless all the other groups who have something at stake in the property tax debate are willing to be flexible, take a stand and commit to a given plan” (Hoffman, 1992c, p. 12).

Dean’s strong stance on income tax and demand for unanimity bolstered the position of those Commission members such as David Hyde and Richard Cate who were already unenthusiastic about the use of income tax to fund education and made moderates such as Peter Clavelle and David Wolk waver in their support for more radical reform measures (Hoffman, 1992a; Hoffman, 1992b; Hoffman, 1992e). According to the *Rutland Herald*, while Clavelle had originally supported the Composite Plan, he backed away and claimed that “the more radical plan needed study and did not have much support among commission members” (Hoffman, 1992e, p. 12).

By December 1992, Dean was confident that, despite its dalliance with Composite Plan, the Blue Ribbon Commission would return recommendations to his liking. Such a prediction was not terribly risky given his strong public statements regarding his policy preferences and the composition of a Commission that had been stacked in his favor. Regarding this sense of confidence, Dean commented to the *Rutland Herald*:

I don't think that I am going to have to compromise. Judging from what I know about where all the players are, I think the compromise, if they reach a compromise at all, ... will be very acceptable to me. Which is why I don't want to play the what-if game, because I don't think it's very likely that I'm going to get something that I can't support. (Hoffman, 1992d, p. 6)

Not surprisingly, Dean's prediction proved correct. Late into deliberations, Burlington Mayor Peter Clavelle struck a winning compromise. His compromise plan offered: 1) short-term relief in the form of local option taxes and a minimum property tax on vacation homes; and 2) a promise to study the Composite Plan as a possible long-term policy solution to Vermont's perennial school finance woes. The offer to study the viability of the Composite Plan served as an appeasement to gain as many votes as possible for Clavelle's limited reforms (Hoffman 1993a; Informant 15). Justifying his compromise, Clavelle (1992) wrote in a newspaper commentary:

I acknowledge that the Commission's recommendations for immediate action don't solve the problem – we need to recommit ourselves to a tax system that is based on the “ability to pay” principle. But to me, these recommendations are important steps forward in the fight for fair taxes. (p. 19)

Although Clavelle's compromise position did appear modest in light of the Composite Plan, it represented the type of incremental concessions Dean sought from both state and municipal governments in that it gave municipal governments access to taxing sources that were historically the sole purview of the state and mandated a statewide minimum property tax on vacation homes, something previously anathema to municipal governments. It also happened to be a win from the perspective of the Vermont League of Cities and Towns which had advocated for municipal access to sales, income and rooms and meals taxes since the 1970s (Informant 09). Clavelle's compromise recommendations passed by a final vote of 15-1 in January of 1993 (Hoffman, 1993a;

Governor's Blue Ribbon Commission, 1993). Senator John Carroll cast the lone dissenting vote due to his strong opposition to the inclusion of the recommendation to levy a minimum property tax on vacation homes.

Reactions to the Commission's final recommendations were mixed. One commission member deemed them "pathetic," (Informant 03) another termed them a "Band-Aid" (Hoffman, 1993a) while still another called them "baby steps" (Informant 15). Governor Dean, for his part, enthusiastically embraced the recommendations. He proclaimed them "a huge start" and noted to the press that he would add property tax reform to his list of major priorities for 1993 legislative session (Hoffman, 1993b). Whether viewed positively or negatively, participants generally acknowledged that the Commission's recommendations would only provide incremental change to Vermont's existing system of school finance.

Commission Arena: Concluding Interactions

The principle policy innovation to emerge from the Blue Ribbon Commission was the development of a school finance reform plan that came to be known as the Composite Plan. Informants and press reports, alike, described the Composite Plan as a "radical" departure from the existing funding formula (Informant 06; Graff, 1992b; Hoffman, 1992e). As such, it faced almost no chance of becoming the consensus pick of such a diverse group of Commission members. However, the plan was still in contention late into 1992 thanks to the combined positional authority and political skill of Commission Vice Chair Paul Cillo (Informants 03, 06). In the face of Dean's consensus mandate, his admonitions against the use of income taxes and the Commission's diverse composition, the Blue Ribbon Commission produced what Mazzoni has termed a "lowest-common-

denominator solution” (p. 124). However, it might be argued that the Commission delivered exactly the politically realistic recommendations originally envisioned by Dean when he asked for the Commission to return a “specific plan of action to get a bill through the legislature” (Graff, 1992a, p. 10).

Despite the incremental nature of its final recommendations, the Commission did serve as a useful forum for the debut of the Little Tax Group’s school finance policy proposal. Thus the value of the arena may not be so much in its immediate outcomes but rather in its ability to familiarize a new idea to a wide variety of stakeholder groups. The Blue Ribbon Commission’s extensive consideration of the Composite Plan confirmed Mazzoni’s supposition that commission arenas can help to legitimate, consolidate and expand the scope of new policies. In this way, the commission arena might be viewed as a locus for “softening up”²⁸ the policy system as evidenced by the fact that those elements included in the Composite Plan would eventually go on to form the basis of H. 527, the House Ways and Means Committee bill introduced in response to the Supreme Court’s 1997 ruling in *Brigham v. State* (Informants 09, 06, 03).

Macro Arena

Politics in the macro arena provides a stark contrast to the incremental accommodation that takes place in the subsystem and the persuasive bargaining of the commission arena. In this arena, “...policymaking is much more visible, accessible, ideological and contentious...” (Mazzoni, 1991, p. 117). Within the macro arena, elite citizens and elected officials seek to connect with constituents by searching for issues to champion. In doing so, they utilize their high profile and a sense of drama or crisis to

²⁸ Kingdon, 1995.

attract attention to their cause. Not surprisingly, issues that take root in the macro arena tend to be issues of broad concern to the general public and reveal society's basic philosophical fault lines. The contentious nature of these core social issues opens up the macro arena to a wide array of public voices and media coverage. According to Mazzoni (1991), it is this emphasis on widespread participation that gives non-incremental policy a chance for enactment. However, this widespread participation can also lead to "inflexible and protracted issue conflict" that paralyzes decisionmaking and produces legislative gridlock.

In January of 1993, just as the Governor's Blue Ribbon Commission was busy preparing its final recommendations, the Democratic Speaker of the House, Ralph Wright, suddenly announced that his number one goal for the upcoming legislative session would be to pass a school finance reform bill containing a statewide teachers contract. Two proximate observers conveyed their surprised reaction to Speaker Wright's announcement:

I don't know where Ralph got the idea, the Speaker of the House. I remember him saying to a group of us, "I know what we'll do. We'll do a statewide teachers' contract." I'm going, "Jesus Christ, are you kidding me? That's a fight and a half." But we went down that road. (Informant 16)

I remember Ralph Wright giving [the interview] to the *Burlington Free Press*... He was the Speaker of the House at the time. It was the first thing he did. It was opening day of the session. He said he's going to do a statewide teachers contract. He was a teacher, a retired teacher I think by that point. At any rate, he was a friend of the teacher's union and this wasn't something that the teacher's union particularly cared for so it was a pretty dramatic thing for the speaker to be doing this. It was clear that he was going to make the push and he was a very powerful speaker so that obviously got everyone's attention. (Informant 17)

Thanks to a combination of Wright's positional authority and a cadre of interested legislators such as Oreste Valsangiacomo and Paul Cillo who were well positioned as members of the House Ways and Means Committee to advance the issue, school finance reform catapulted to the top of that year's legislative agenda.

As noted earlier, informants expressed surprise at Wright's sudden push for school finance reform. Documentary and interview data reveal that a strategic decision made by Democratic Representative Paul Cillo a number of days prior to the Speaker's announcement contributed to Wright's sudden interest in passing a school finance reform bill during the 1993 legislative session. Acting as an idea champion, Cillo saw another opportunity to advocate for school finance reform – this time before a meeting of the Democratic caucus. Before the meeting began, Cillo asked House Majority Leader Sean Campbell if he could give a brief report on his recent work as a member of the Governor's Blue Ribbon Commission. Campbell agreed and Cillo proceeded to describe the Commission's recommendations. At the very end of his presentation, Cillo asked for a quick show of hands regarding how many members of the caucus thought that property taxes were the biggest issue facing Vermont that year. Virtually all of the members raised their hands. Informants indicate that Cillo engineered this stunt primarily because he knew that Speaker Wright would be present and paying attention to the caucus's legislative priorities (Informants 07, 03; Rebell & Metzler, 2002). One informant recalled the event:

I think it was in the Democratic organizational meeting which takes place in December of even years right after the election. It was customary to poll the Democratic caucus and ask them to write down on a piece of paper what were their top issues. I think Paul said something to put education finance foremost in their minds so that came up as a top priority. (Informant 07)

According to the informant, Cillo's presentation to the Democratic caucus was intended to "get [Ralph Wright] really excited about the issue" (Informant 07). According to informant accounts, Cillo's attempt to influence Wright succeeded. As another informant noted, thanks to Cillo's presentation: "[Wright] changed his agenda. He definitely changed his agenda" (Informant 03).

That informant further revealed that a few days later at the legislature's annual pre-session dinner, Wright purposefully sought Cillo out to discuss a proposal to use a statewide teacher's contract as a means to reduce property taxes:

We're sitting in this restaurant and Ralph is making the rounds... and he looks at Paul and goes, "Hey Cillo, I got a great idea. We'll pay for all the teachers. The state will pay for all the teachers"... He rattled off this whole plan and said, "What do you think?" (Informant 03)

According to the informant, Cillo bluntly informed Wright that his proposal was wildly off the mark in terms of the general fund dollars required to pay for such a plan and Wright stormed off in a huff. That preliminary discussion ended poorly but the seed for meaningful school finance reform for the 1993 legislative session had been planted in both gentlemen's minds (Informants 03, 07).

The speaker of the Vermont House of Representatives is widely considered to be the most powerful legislator in the state. Among Vermont's Speakers, Wright was a living legend. As one informant commented: "There has never been another like him" (Informant 01). Described as "very smart" (Informant 03), "powerful" (Informant 17) and "remarkable" (Informant 01), Wright was a highly partisan and frequently combative Massachusetts native who had presided over the House since 1985 and was credited for helping to transform the state Democratic Party from political also-ran to political

powerhouse (Sanford & Doyle, 1999; Graff, 1999; Graff, 2006). Wright's announcement that he would make education finance/property tax reform his signature issue for the session catapulted the issue out of the commission arena and squarely in to the macro arena. Upon reflection, one informant drew a direct line between the passage of Act 60 in 1997 and Wright's decision to engage the issue in a high profile manner during the 1993 legislative session. As the informant commented: "It couldn't have happened without Ralph... Ralph had set it up and made it his issue for several years" (Informant 01).

Mazzoni (1991) and Fowler's (1994) case studies of state education policymaking in Minnesota and Ohio, respectively, demonstrate that a political leader's signature issue need not take root in the macro arena to succeed. However, school finance reform had been a hot button issue in Vermont for years as generations of politicians struggled with how best to finance the state's public schools (Graff, 2006; Mathis, 2000; Governor's Blue Ribbon Commission, 1993). As Vermont Public Radio newscaster Jane Lindholm (2009) commented: "Education funding may not be the spiciest water cooler talk but it is an issue that generates a huge amount of debate, discussion and consternation in Vermont." Wright's provocative plan set off two biennia (four legislative sessions) of fiery debate between Republicans and Democrats and drew some of Vermont's most powerful lobbying entities into the school finance macro arena, including the state teachers' union, the Vermont League of Cities and Towns, the business lobby and the gold town/ski area lobby.

Macro Arena 1993/94 Biennium: Actors, Goals and Motives

This section outlines those actors participating in the macro arena during the 1993/94 legislative biennium. It also outlines their motivations for entering the macro

arena along with the policy goals they wished to achieve through their participation. Consistent with Mazzoni's (1991) expectations for the macro arena, the issue of school finance reform generated a high level of interest among a wide variety of interested parties both inside and outside of the state government.

Speaker of the House Ralph Wright

While Wright's interest in the use of a statewide teacher's contract seemed to come from out of the blue to most informants, archival research uncovered a small article that ran in the October 8, 1992 issue of the *Rutland Herald* detailing Wright's visit with local educators from the town of Castleton (Mitchell, 1992b). Castleton had been hit hard by state aid to education funding cutbacks and Wright was musing on the various ways that the property tax problem could be resolved. Almost as an aside, he commented that he wished that legislators would revive his idea of a statewide teachers contract whereby the state would negotiate and pay for teacher salaries out of the state aid to education budget. The article goes on to note that Wright had unsuccessfully attempted to pass such a measure five years earlier (Mitchell, 1992b).

It seems that Wright had been considering the merits of a statewide teachers' contract for a considerable period of time. The result of the Democratic caucus' poll allowed him to link his desire for a statewide teachers' contract with the House's growing willingness to enact school finance reform (Informants 03, 07; Rebell & Metzler, 2002). In this regard his goals were twofold. First, he sought to relieve local school boards and teachers from the acrimony of contract negotiations. Second, he sought to ease property taxes by having the state assume payment for teacher salaries and benefits through the general funds. In the words of one informant:

[Wright's] concept was to do a statewide teachers' contract [because] it was such a big part of what we pay for; the fact that money could be saved by not having every district negotiate its own contract. He was a former teacher and he felt the animosity that was built up during contract negotiations was harmful to education. (Informant 13)

Mathis (2000) concurred with this informant's statement:

Speaker Wright, in the 1993 legislative session, proposed that reform could be achieved if the state funded all teachers' salaries. Since salaries were 53 percent of costs, a high state share would be guaranteed. All towns would have a stake in state aid and the state share would not erode. After all, it was a guaranteed and contractual agreement with the union. The state would also take over the nasty business of teacher negotiations and thus free local boards and teachers to concentrate on education. (p. 12)

To pay for this initiative, Wright planned to raise a number of broad-based state taxes to help "spread the burden" of paying for schools through state assumption of teacher salaries and fringe benefits (Pfeiffer, 1993; Hoffman, 1993). The announcement of Ralph Wright's new policy priority set off a flurry of activity among Vermont legislators and interest groups concerned with education and tax policy issues.

House Ways and Means Committee Leadership

Cillo and his new Ways and Means ally, John Freidin, were more than willing to support Wright's initiative and saw it as a promising means for implementing a new education funding measure such as the one Cillo had developed while working on the Governor's Blue Ribbon Commission. According to one informant: "[The statewide teachers' contract] was one of Ralph's brainstorm. It wasn't necessarily essential to the bill [but] there was a certain logic to it since a large percent of your expenses are teachers" (Informant 07). Cillo and Freidin were not alone. During this time period, the House of Representatives served as a locus of pro-school finance reform energy in the state. Freidin and Cillo were just two of many legislators who had run for the General

Assembly so they could work on the school funding issue. Various legislators commented on their motivations for seeking office as follows:

My main campaign issue was the unfairness of the school funding system. (Informant 03)

I had some concern and interest in education and actually before I even took my seat, with the help of the Legislative Council, I did have a bill drafted that involved sharing money from the property-wealthy towns and giving some of that money to the property-poor towns. (Informant 07)

Education finance reform was the major reason that I ran for office. (Informant 13)

[The school funding system] was really hurting our local school and I could see that in a very direct way. In the town next door they were spending more per pupil... Our spending was lower and our tax rate was higher and how is that fair? It is a very sort of parochial view that pulled me in [to the legislature]. (Informant 21)

Once elected, these motivated legislators frequently hoped for appointments to the Ways and Means Committee. In 1993, Freidin had only just gained his appointment to Ways and Means, but he was familiar with Cillo's work through his prior attendance at some of the Little Tax Group meetings (Informants 07, 06, 09). Freidin, like Cillo, was motivated to address student funding disparities because it was a topic of concern in his legislative district.

Together on the Ways and Means Committee, they developed five overarching goals by which to judge the merit of all school funding proposals: 1) reduce property taxes; 2) equalize the ability of all towns to raise money for public school; 3) base the education tax on ability to pay; 4) tax farm and forest land at current use rate (instead of market rate); and 5) ensure that all towns – not just poor ones – have a stake in the plan's long-term viability (Informants 07, 08). With those goals in mind, the two set out to “redesign the Composite Plan for it to fit the train that's moving” (Informant 03). Cillo

and Freidin spent the better part of 1993 developing and refining the revenue and distribution package that would underwrite Wright's statewide teacher's contract (Mathis, 2000). The bill, known as H.541, entailed two main school funding components: 1) a local progressive income tax set annually by each town based on its school budget; and 2) a statewide property tax on non-residential property initially set at \$1.20 per \$100 of property value. Money from these taxes would be pooled and redistributed back to towns based on a guaranteed yield formula so that all towns with equal taxing effort would receive the same tax yield per pupil. (H.541, 1993).

Senate Leadership

Like just about everyone else at the statehouse, members of the Senate were taken off guard by Wright's sudden push for school finance reform. While Republicans only narrowly controlled the Senate by a 16-14 margin, their leadership was decidedly ambivalent about embracing major changes to the Foundation Plan. Concerned about the financial health of the state, they feared the cost of a new school aid plan and the potential negative repercussions for business (Informants 10, 02, 18, 13). In fact, Senate Majority Leader John Carroll had just spent several months championing education cost cutting measures as a member of the Governor's Blue Ribbon Commission (Governor's Blue Ribbon Commission, 1993).

While ambivalent about the issue of school finance, itself, the Senate leadership strongly opposed inclusion of the local income tax in any school finance reform legislation. In a statement to the *Rutland Herald*, Senate Majority Leader Carroll proclaimed: "The Senate will never support the local income tax" (Hoffman, 1994c, p. 1). According to one informant, Republican senators "...were very concerned that the

income tax would be harmful to business” (Informant 13). Another informant noted: “There was all this Republican talk that [an income tax] was killing the economy” (Informant 07). In addition to their opposition to the local income tax, party stalwarts such as Lieutenant Governor Barbara Snelling and Senate Pro Tempore John Bloomer also opposed any notion of a statewide property tax to fund schools on the basis that it robbed towns of local control and gave “Montpelier” access to a new funding source that they might misuse. As one informant commented: “This whole concept of income redistribution totally guts the concept of local control” (Informant 15). As quoted in the *Rutland Herald*, Senate President Pro Tempore Bloomer did not support any plan where money could “...get into the hands of the bureaucrats in Montpelier” (Hoffman, 1994d, p. 12). These views typified a general antipathy for “big government” initiatives among Vermont Republicans.

However, in truth, very few senators, including liberal Democrats, embraced the idea of paying for schools through the use of income taxes (Informants 10, 02, 04). As one informant remarked: “I didn’t like the House’s local income tax at all and I knew the governor wasn’t going to sign it” (Informant 10). This senator also found Speaker Wright’s statewide teachers’ contract: “...deeply offending to the teachers in a way that I did not want to do” (Informant 10).

One proximate observer described the Republican-led Senate’s resistance to reform in the following manner: “The Republicans particularly didn’t want to go the income tax route. They wanted to rely on the system that we had.... I think that they were conservative not so much in the way we think of politics now – the ideology – but conservative in resistant to change....” (Informant 17). Another informant affirmed this

sentiment when commenting: “They didn’t want to do anything, the Republicans” (Informant 10).

The larger geographic area of Senate districts also played a hand in the Senate’s more moderate view of the property tax and school funding issue (Informants 01, 08). According to one state employee: “...the Senate represents a much broader spectrum. When you have a county, you have rich towns, you have poor towns; you have a better policy sense of the big picture” (Informant 08). The presence of both property-wealthy and property-poor towns in senators’ districts promoted a cautious approach to reform that emphasized minimal financial harm to any one constituency.

Despite the Senate leadership’s objections to school finance reform, some senators advocated change and had been active in recent discussions on the issue. For example, Jeb Spaulding, a Democrat from Washington County and Chair the Senate Education Committee had also served on the Governor’s Blue Ribbon Commission where he charted a moderate course by advocating for a regional approach to property tax sharing. Aware that Democrats in the House were on the move, the Senate leadership approved examination of Spaulding’s plan, among others, for Senate consideration. Senate Resolution 15 of 1993 charged the Senate Committee on Education Finance/Property Tax Reform to “review various education finance/property tax reform proposals and to report its recommendations for change to the Senate...”(Senate Committee on Education Finance/Property Tax Reform, 1994). The Committee’s final report recommended that a uniform property tax be levied at the “supervisory union”

level to achieve regional tax sharing.²⁹ Committee members deemed this approach as an “acceptable compromise” between the current practice of levying property taxes at the local level and the more radical step of statewide property taxation (Senate Committee on Education Finance/ Property Tax Reform, 1994, p. 6).

Governor Howard Dean

Governor Howard Dean embraced Wright’s plan for a statewide teacher’s contract from the outset on the basis that it served as a cost containment measure.³⁰ In Vermont, each of the state’s approximately 250 school districts engaged in independent contract negotiations with its own teachers. Towns with large amounts of property wealth paid significantly higher wages than their low property wealth neighbors. These higher wages placed upward pressure on the wages paid in less well off school districts. Teachers from those districts used the threat of departure as a bargaining chip in their own negotiations. In his FY 1994 budget address, Dean expressed concern about Vermont’s high per-pupil expenditure. Noting that the state was first in the nation in per-pupil expenditures but only 24th in the nation in income, he sought to implement “efficiencies that will allow us to bring education expenditures in line with our income” (Dean, 1993, p. 12). Dean demurred, though, when it came to supporting any one specific education aid finance package, noting: “I have seen what happens when governors suggest plans to be implemented from the top down. Many able chief executives have

²⁹ In Vermont, supervisory unions are regional education units that perform administrative services for more than one school district through a common superintendent. Each of Vermont’s school districts is assigned to one of 60 supervisory unions.

³⁰ As noted in previous sections, cost containment was a priority for the Dean administration as it sought to clear up the state’s \$65 million deficit.

taken that route and it has not succeeded” (Dean, 1993, p. 12). However, he was on the record as opposing the use of an income tax to fund a new school funding plan because he believed increased income taxes would hurt the state’s business climate (Informants 15, 16). As one informant put it: “Howard Dean would have no part.... Governors don’t like to hit the income tax. They say, ‘It will kill business. We already have a high marginal tax rate already. People will leave the state’” (Informant 16). According to one proximate observer, the income tax was Dean’s “line in the sand” (Informant 01).

Vermont-NEA

When school finance reform rises up the political agenda in Vermont, powerful lobbying groups are energized to advocate for their policy preferences and to defend their prerogatives. The Vermont-NEA led the opposition to Speaker Wright’s plan for a statewide teachers’ contract. According to one Democratic informant: “Politically, [the statewide teachers’ contract] lost us the NEA. They didn’t want it. One of our most natural and best-organized advocacy groups was against the bill” (Informant 07). According to Mathis (2000), the Vermont-NEA “...found the plan unacceptable and excoriated their fellow teacher and union member Ralph Wright” (p. 13). First and foremost, the Vermont-NEA strenuously objected to the statewide teacher’s contract on the grounds that it was an infringement of their collective bargaining rights. In a press conference, Vermont-NEA President Marlene Burke proclaimed the bill “the end of collective bargaining as we know it” (Pfeiffer, 1993, p. 5). Further the Vermont-NEA feared that if the state took control of paying teachers, it would level-down salaries and benefits, impose mandatory student-teacher ratios and underfund the annual appropriation for teacher salaries and fringe benefits (not an altogether unwarranted fear considering

the state's track record with underfunding its past education aid formulas). As Burke observed: "He who pays the piper, calls the song" (Hoffman, 1993e, p. 3). Finally, according to a January 1993 Vermont-NEA bulletin, teachers viewed the measure as an attempt to "scapegoat teachers and collective bargaining to divert attention away from long-overdue property tax reform" (Pfeiffer, 1993, p. 12).

Conversely, the Vermont-NEA signaled its strong support for Representative Cillo's Composite Plan (Hoffman, 1993e; Hoffman, 1992d). A few months earlier, Burke had even lobbied the Governor's Blue Ribbon Commission on its behalf. The Composite Plan appealed to the teacher's union because its income-based approach was not as divisive as the property tax. In a news conference held to show support for The Composite Plan, Burke commented: "The property tax situation is a crisis so old in Vermont that some say it's lost its allure. But the commission must not forget that people are still hurting, that the property tax as the major source of funds for our public schools is dividing our communities, rich from poor" (Hoffman, 1992d, p. 6).

Gold Towns/Ski Areas

Because gold towns enjoyed well-funded schools at exceptionally low property tax rates thanks to the presence of commercial development and vacation communities, they did not receive state aid under the Foundation Plan. Their main interest in school finance reform focused on protecting their property tax dollars from claims made upon them by the state. As one informant remarked:

Opposition I remember as coming from the property wealthy communities. That's what I remember. It was the ski towns and the commercial and industrialized communities that just had very high property wealth; Cadillac school systems with very low tax rates.
(Informant 13)

Another informant summed up gold town opposition to school finance reform plans as follows: “The gold towns knew they had it good and they didn’t want to change it” (Informant 17). Ski association members and gold town residents vehemently opposed the implementation of any school finance reform that called for either a statewide property tax or a local property tax sharing scheme (Informants 16, 18, 07, 13).

Informants described gold towns’ attitudes towards property tax sharing in the following way:

People have a strong attachment to [local control] and this has always been the way: local monies raised locally. So people started thinking this is our money why should we have to pay somebody else, you know, pay for somebody else’s kids to go to school? (Informant 18)

[Gold town residents] are saying, “They are taking our local property tax money. It is our money. It is our tax base and they are taking it away and doing a Robin Hood act and giving it to the poor folks.” (Informant 12)

Apart from ideological reasons, gold towns and ski areas also opposed property tax measures such as those touted by both the House and Senate on the premise that significant tax sharing was already happening throughout Vermont thanks to gold towns’ disproportionate contribution of income, sales, and rooms and meals taxes to the state’s general fund (Barna, 1994). Finally, they expressed a typically Vermont view that commercial development is a net negative and claimed that gold town residents should be allowed to retain their local property taxes to “help mitigate the burden that is inherent with development” (Rice, 1997, p. 2). From their perspective, property taxes served as compensation for having to “put up” with tourists and their associated demands. One informant commented on this issue:

The rich communities talked about some of the burden of having to endure all these tourists coming in and taking over our town every year and just the fact that we chose to do this, we wanted to develop, though there were

some people that made good arguments against that, you know. It's just luck that Stowe is where Stowe is and thanks to nature you're next to a nice mountain. This isn't all your doing and you're getting to use state lands for your ski area. Some towns got to develop, some didn't, so it wasn't all your hard work that allowed you to be a wealthy community. (Informant 18)

Vermont League of Cities and Towns

Since the late 1970s when then-Governor Snelling proposed “a sum to be raised by a uniform statewide property tax assessed on nonresidential property” to fund schools, the Vermont League of Cities and Towns (VLCT) had been a vocal opponent of state efforts to assume a role in raising education dollars from the property tax (VLCT, 1997, p. 1). Because the local property tax served as the sole municipal revenue source, towns were highly protective of it and suspicious of the state's ability to limit use of property tax dollars to education funding alone. Informants explained the League's position vis a vis the state's appropriation of property tax dollars in the following ways:

You're going to create a statewide grand list and you know you're going to overuse it... and put more and more pressure on the property tax rate and that will leave less room for us to pay for our municipal services. (Informant 21)

...the towns really did think that the property tax revenue was theirs and “let the state have some of it, they'll take all of it.” (Informant 01)

Once the state gets its hands on the property tax, they are going to use it for everything. (Informant 09)

In short, municipal governments viewed state use of local property tax funds to pay for schools as the “camel's nose under the tent” (Informant 16) and as such rejected the House plan's effort to implement a statewide property tax on nonresidential property (Graff, 1993).

Instead, the League favored school funding plans that reduced reliance on any form of property tax whatsoever such as those that paid for education through the increased use of broad-based state tax revenues or those that allowed local governments to levy their own local option taxes.³¹ In a frank moment, an informant expressed the League's position with regard to the debate over school funding sources in the following passage:

If we can get the schools onto somebody else's funding source, then we get the property tax for ourselves. It's very selfish. It's not out of any sense of needing to produce, fund education better or to reduce inequities among towns. It was not the driving force as to why VLCT got involved. VLCT got involved in it because we get the dregs of whatever is left over from the school tax. (Informant 09)

Such a plan would allow local governments to free up education dollars for other municipal services or to cut property taxes should they so desire.

Business Organizations

As mentioned in Chapter Four, Vermont's leading business lobbies included the Vermont Chamber of Commerce, the Vermont Business Roundtable and Associated Industries of Vermont. All three maintained a generally uniform stance on the issue of school finance reform in that they were concerned with the negative impact that tax policy changes would have on Vermont's economy (Heaps & Woolf, 1997; Lake Champlain Regional Chamber of Commerce et al., business correspondence, January 11, 1995). According to a financial analysis conducted by the consulting firm KPMG Peat Marwick for a coalition of Vermont business and municipal organizations, the

³¹ Local option taxes are taxes that may be levied by cities or towns on top of existing state taxes. Such taxes might include local sales taxes, local rooms and meals taxes or local income taxes. At the time of the period under study, municipal governments were prohibited by the state from levying any taxes other than the property tax so they were highly protective of this sole funding source.

Snelling/Wright tax increases of 1991 placed Vermont 14th in state-local taxes per capita and seventh in state-local taxes per \$1,000 of personal income (KPMG Peat Marwick, 1994). Since the passage of those tax increases, the business community had become sensitive to any legislative initiative that sought to raise state taxes even further. In its view, these additional taxes would harm Vermont's already fragile economy by suppressing job creation and new business development (Informants 07, 18, 08, 11, 01; KPMG Peat Marwick, 1994).

Additionally, the business community viewed the increasingly liberal composition of the state legislature with some consternation and guarded against legislation that sought to shift tax burdens to wealthy individuals and business entities (Freyne, 1996; Informants 11, 15). An informant expressed this opinion: "You've got folks to the left, you know, saying, 'Well, we're just going to cost shift the property tax on you guys'" (Informant 15).

In terms of specifics, these organizations opposed proposals to use local income taxes in lieu of local property taxes as a means to fund schools. One informant commented:

We fought long and hard against paying for education through income tax. Our tax burden was among the highest in the country.... We had a tough recession in the early 1990s. Howard Dean used an income tax surcharge over a certain level of income to help retire our debt. The state income tax in Vermont is visible. There was fear that we were among the states with the highest income taxes. There was a fear that our taxes would not allow us to attract people with resources. There is a high number of wealthy Vermonters who spend six months and one day in Florida to avoid paying income tax. We were afraid that the use of an income tax would exacerbate situations like this. (Informant 11)

The business community also opposed property tax sharing proposals that pooled taxes across a region or state to better equalize tax burdens. Specifically, these proposals were

condemned as “an attempt to redistribute wealth” (Informant 11). Further, because tax sharing would mean tax increases in lightly taxed towns, business leaders decried its negative “implications for businesses in those communities in terms of increasing taxes” (Informant 11). This aspect of the business community’s opposition to tax sharing was highlighted in a “Dear Legislator” letter signed by many of the state’s leading business organizations. In it they note that “[t]he hotel and lodging industry is especially sensitive to large increases in business property taxes due to imposition of a statewide property tax or a minimum school property tax” (Lake Champlain Regional Chamber of Commerce et al., business correspondence, January 11, 1995, p. 2). For these reasons, the business community opposed both the House and the Senate measures, although they definitely viewed the House measure as the bigger threat to their financial interests (Vermont Business Roundtable, 1993b). Instead of a property tax overhaul, representatives of the business community such as the Vermont Business Roundtable stressed making Vermont’s education funding more efficient through school consolidation measures and the implementation of higher teacher-to-student ratios (Hoffman, 1993f; Vermont Business Roundtable, 1993b).

Pro-School Finance Reform Groups

As noted above, many of Vermont’s most powerful lobbying organizations opposed the various school finance reform measures proposed during the 1993/94 biennium. Regarding this fact, one informant noted that “every [lobbying organization] from the for-profit sector, from the ski areas to the accountants, every single one of them was against this” (Informant 07). In contrast, those that took up the cause of school finance reform could best be described in classic David versus Goliath terms. Pro-

advocacy organizations tended to be small, highly localized groups who worked on the issue in relative isolation. Mathis (2000) described the pro-reform coalition in the following terms: "...the core of reform agents was small. [These groups] were diffuse, localized and typically not registered as lobbying groups" (p. 6).

Small pockets of pro-reform advocacy could be found throughout the state. The Essex Town Finance Committee exemplified the locally based approach to school finance reform advocacy. Their January 1994 "Dear Representative" letter highlighted how its seven member organization conducted its own nine-month study of Vermont's education reform initiatives and endorsed the House's proposal for a statewide teachers' contract (P. N. Gray et al., organizational communication, January 6, 1994). One informant described his experience as a pro-school finance reform advocate during this time period:

... my story is driving across the state with a handful of transparency slides to put on the overhead projector in the snow to talk to three people who called themselves an organization. There were a few of us that were out there, and hey, we'd give ourselves titles. The [pro-reform] coalition after Brigham was passed was a stronger organization than had existed before. Basically, it was two or three people with a holy cause that would go around and talk to PTAs and school boards and things like that. It was wandering around in the wilderness a great deal. (Informant 12)

One informant provided a possible explanation for why a large pro-school finance reform movement had never gathered momentum in the state:

In the 1980s and 1990s, when a number of lawsuits around school financing were being filed, I know that people in Vermont had talked about it and a couple of people had approached law firms about filing suit but the conventional wisdom was that a suit in Vermont would not succeed. (Informant 20)

Another informant expressed a similar sentiment, noting:

I don't think any of us dreamed in our wildest dreams that... Because most of the states where the constitutional questions have been successful, they had very specific language in the constitution that made it possible for the judges to rule the way they did and we just didn't have anything like that so I think most of us thought it was futile. (Informant 13)

Reform advocates were generally motivated by a sense of fairness towards students and taxpayers and a worry that some of the state's children were not being provided with adequate resources to achieve at high levels. As one reform advocate noted:

...equity issues were right there in front of my face. I'd stand in the playground at Whiting school, which is a very poor dairy farming town and look out at Killington. I'd see the ski slopes which had immense property wealth and they were spending, you know, twice as much at half the rate. (Informant 12)

In general, reformers aimed to reduce local property taxes for towns with high tax burdens by taxing across wider geographic areas in order to better equalize the tax base. They also generally supported plans that called for paying school taxes based on a person's ability to pay (Mathis, 2000; Norwich Committee on Fairness in Funding Education (FIFE), organizational communication, January 1997; P. N. Gray et al., organizational communication, January 6, 1994; Informants 07, 03, 12). These groups comprised part of a larger "silent majority" of Vermonters in support of education reform. A January 1994 University of Vermont poll that found a full 65 percent of registered voters supported the use of the income tax to pay for schools (Dillon, 1994).

Macro Arena 1993/94 Biennium: Actor Resources and Strategies

This section describes the resources and strategies utilized by those actors participating in the macro arena. As predicted by Mazzone (1991), the tone of participant

interactions was highly partisan and reflected key differences in worldview. In the macro arena, actors relied on the media, the use of powerful symbols and dire predictions for Vermont's future to help win votes for their side.

Speaker of the House Ralph Wright

As Speaker of the House of Representatives, Ralph Wright wielded considerable institutional authority and possessed many key resources that enabled him to set the legislative agenda, control the legislative calendar, make committee appointments, attract significant media attention and hire members of the Legislative Council and Joint Fiscal Office – two key legislative advisory bodies. His reputation as a fierce politician and his status as a political patron to many House Democrats also afforded him a substantial quantity of personal political power.

Throughout the 1993/94 biennium, Wright served alternately as power broker, facilitator, and advocate in service to his goal of passing a statewide teacher's contract. Early in the legislative process, he defused a looming power struggle between two competing school funding plans in the Ways and Means committee (Informant 03). Both the Chair, Oreste Valsangiacomo, and the Vice Chair, Paul Cillo (along with his new working partner, John Freidin), had submitted bills that session. Cillo and Freidin submitted the Composite Plan and Valsangiacomo entered a bill that called for a combination of broad based taxes coupled with a statewide property tax to fund state aid to education (Joint Fiscal Office, 1993). The competing bills placed the Ways and Means committee in the uncomfortable position of having to debate the merits of its leaders' plans. To resolve this situation, the two agreed to have Wright select the bill the Committee would support. With assistance provided by key Cillo allies in the Education

Committee, Wright selected Cillo and Freidin's plan. His willingness and ability to take control of the situation prevented a time-consuming and potentially divisive debate within Ways and Means and cleared the way for committee work to begin in earnest. With Wright's blessing, the House leadership placed the Cillo/Freidin plan on the fast track.

Once he had given his seal of approval to the Composite Plan, Wright knew that the fate of his statewide teacher's contract was now tied to Cillo and Freidin's success in refining their funding formula to support it. At that point, Wright stepped in as a key facilitator of their work. At the request of Paul Cillo, he authorized the hiring of additional employees and consultants for the Legislative Council and the Joint Fiscal Office. One informant detailed the series of events between Wright and Cillo that led to the hiring of property tax expert Deb Brighton to support Cillo in the development of a school finance reform plan:

Ralph said, "What do you need?" Paul said, "I need to hire Deb Brighton for the Ways and Means Committee. I need her to work for the Ways and Means Committee." Ralph said, "How much do you need?".... Paul said, "I need \$5,000." Ralph said, "OK, fine." So he gave Paul \$5,000 for Deb. Deb is just brilliant. She's just amazing. So Paul was able to start to formulate the pieces he was interested in and Deb could do the [computer] runs. (Informant 03)

These employees were brought on specifically to sift through raw property tax and school funding data provided by the Department of Education in order to develop spreadsheets detailing equalized property tax lists, town income, tax rates, per-pupil expenditures and other data needed to build a funding formula (Informants 07, 06, 08, 03). One informant described the process used to develop the data required to formulate a new school funding proposal:

We had to build spreadsheets. [The raw data] was in a lot of disarray.... We would spend a lot of time going through the town-by-town information, grand list information, you know, they had to equalize it to fair market value across the state (they have a way of doing that). It was in disarray and we spent a lot of time doing a lot of that work. (Informant 08)

The databases built from this information proved vital for legislators to be able to “bring ‘what ifs’ to life” (Informant 03). Using these databases, the legislators could tweak their formula’s various tax rates or yields or per pupil expenditures to have the school district “winners” and “losers” revealed immediately. Based on this information, they could adjust the various aspects of the plan so that it included the maximum number of “winners” possible, something that would be important when persuading their fellow legislators to vote for the reform measure. In another show of support for Cillo and Freidin’s work, Wright, at considerable taxpayer expense, arranged for members of the Ways and Means Committee to work through the summer and into the fall on their plan so that it would be ready for the beginning of the 1994 legislative session (Hoffman, 1994a).

Finally as an advocate, Wright became the public face of the House’s reform proposal, where he served equal parts policy persuader and policy defender. He traveled the state talking to groups large and small about Vermont’s need for a statewide teacher’s contract (Ways and Means Committee, 1994; Graff, 1994) and was not afraid to spar with detractors. For example, he called the Vermont-NEA’s opposition to the statewide teacher’s contract a quest for “money and power” and explained that the business community opposed the plan because they preferred “profits, not people” (Pfeiffer, 1993; Freyne, 1994). In each confrontation, Wright made it clear that he wasn’t going to back

away from his goal. With Wright running interference, Cillo and Freidin continued to focus on developing the Ways and Means proposal.

House Ways and Means Committee Leadership

With Wright's marching orders in hand, Representatives Cillo and Freidin spent much of the 1993 session refining the Composite Plan into what would subsequently become H.541. In an interesting aside, just after Wright announced his plan in January 1993 a newspaper reporter challenged Cillo as to why he thought the Composite Plan would fare any better in the legislature than it had in the Blue Ribbon Commission. Speaking as the idea champion that he was, Cillo responded that he thought the Legislature had a better grasp on public attitude toward property taxes: "The Legislature is not the (Blue Ribbon) Commission. People here know it is a problem. I definitely see the opportunity that Ralph (Wright) sees" (Hoffman, 1993d p. 12).

He was correct in that the legislative macro arena afforded him several opportunities not available to him in the commission arena. Chief among them was his positional authority as the Vice Chair of the Ways and Means Committee and his new alliance with the Speaker of the House. As Vice Chair and Clerk of the Committee, Cillo was responsible for determining the committee's agenda, selecting the bills to be brought up for discussion by the committee, scheduling votes, selecting witnesses to testify before the committee and scheduling their appearances before the committee. This authority cleared the way for the school funding issue to take primacy over all other bills being considered by the Committee that session.

In a clever stroke designed to manage the “scope of conflict,”³² Cillo and Freidin decided to schedule witness testimony in small groups comprised of both reform advocates and reform opponents. In this way, it would more difficult for one reform opponent after another to simply read prepared statements railing against the bill. One legislator commented that this process produced “a much softer conversation. It was more reasonable. It wasn’t just, ‘I’m opposed to this’ because it was harder for the opponents to be opposed when they were in a dialogue” (Informant 03).

In addition to their sizable institutional resources, Cillo and Freidin also proved to be cagey politicians with exceptional political skills. Key personal resources included deep technical knowledge about a notoriously complex issue, a clear vision of what they wanted a school finance plan to accomplish, remarkable persistence, and keen media skills. With these resources they employed numerous creative strategies on behalf of their plan.

In terms of technical knowledge, Cillo, and Freidin were students of the issue. According to one proximate observer: “They really understood this issue at a very deep level” (Informant 01). Both had taken the time to learn about school finance on the national level and had reached out to experienced legislators both in Vermont and beyond so that they could understand the complex funding formulas undergirding the distribution of state aid. They, therefore, could be counted as two of the “six people who could explain it” in the state (Informants 01, 17, 18, 08). This deep understanding allowed the

³² Schattschneider, 1960.

two to pursue and manipulate the data needed to create the complex and unique³³ proposal they undertook in H.541:

Paul had this little war room in the speaker's office. You always knew where to find him, unless they were off in a secret conference. He would be in there with all these stacks of paper and he could rattle [statistics] off. Probably still can tell you how version x affects Stowe and Greensboro. (Informant 17)

They also were among the first legislators to carry laptops (Informant 07). This portability enabled them to bring the datasets to meetings so that they could share their information on the go.

Perhaps because of their deep knowledge of how school aid formulae function, the two understood that “fully funding” the existing Foundation Plan as some legislators advocated would never solve the state's school finance equity issue. They recognized that the state's general fund taxes could not generate sufficient revenue to fund the state aid formula in times of economic difficulty. They knew that, as in the past, if the state were to once again fall on financial hard times, then the result would be the familiar pattern of local property tax increases in the face of state retrenchment. Thus, they sought a plan whereby all towns, rich or poor, had an equal stake in keeping the state aid formula funded. This guiding principle focused their work and provided them with a vision for what their desired policy solution would look like. Two colleagues laud Cillo and Freidin's focus on policy outcomes as follows:

...what they were both good at is... they had five goals, they had a process and a way of measuring their success. I don't even remember what the five goals were but I remember the one sheet of paper where they had the

³³ The idea of a local income tax in lieu of property tax was novel and was designed to address the unique taxing issues the state faced given its small size, rural nature and proximity to New Hampshire, a state with no sales tax.

bullets. This is our goal – how do we do it? This is our goal – how do we do it? (Informant 08)

[Paul] had a big vision but was willing to talk about the stupid details. He's unique in the sense that people either could see the big picture or see the small things. He could actually go back and forth and he had a policy objective in his mind. Not everybody was always that clear. He was really gifted in that way I find. (Informant 08)

Paul was really good at getting people to start thinking about what people should be paying, what's a fair amount for people to pay for school. (Informant 06)

The ability to focus on policy outcomes allowed the two to chart a coherent plan for achieving these desired goals. In times of political setback, a focus on broad policy goals enabled them to regroup and develop alternate means towards those ends. Referring to this ability, one informant commented: "Of course, every time the politics changed..., they had to go back and rejigger the numbers. Come up with a new way of doing it" (Informant 12).

With regard to marketing their vision for school finance, the two exhibited remarkable persistence in terms of their willingness to reach out to citizens from all four corners of the state to discuss their plans. One House Ways and Means Committee member recollected: "Of course the Senate didn't like it and the governor is speaking out against it so we decided to go on the road.... We started talking individually to anybody who would have us" (Informant 07). Internal documents reveal that during the 1993/94 biennium, the House Education Committee held 47 meetings and the Ways and Means Committee held 89 meetings on the issue of school finance/property tax reform (Ways and Means Committee, 1994). One legislator estimated that the Ways and Means committee spoke to 2,000 citizens during their fall 1993 speaking tour (Informant 07). In these meetings they took testimony and held roundtable discussions. They also gave

presentations on their plan for which they prepared individualized, detailed data packets that specified the beneficial tax impact for the particular group with whom they were meeting (Vermont House of Representatives, 1994, Informant 08). When opponents of the legislation criticized that H.541 was being rushed through the General Assembly, House Education Committee Chair David Larsen (1994) responded that “[n]o bill has ever received more testimony, analysis, publicity, study and scrutiny than H.541” (p. 5).

To reach even more citizens beyond their speaking tours, Cillo and Freidin took the unusual step of registering themselves as an anonymous lobbying organization known as Vermonters for Property Tax Reform. This “organization” distributed 20,000 brochures to legislators for use on Town Meeting Day 1994. Each brochure included a school tax computation worksheet designed to allow residents to see how much the average citizen would save under the House plan. Designed to put pressure on Senate deliberations during the spring of 1994, the brochure included a sentence stating: “Call your senators now and tell them how you feel about property taxes” and the telephone numbers of all state senators (Vermonters for Property Tax Reform, 1994).

The two, along with their political allies in the Ways and Means and Education Committees, also actively courted media attention as a means to garner public support and place pressure on fellow legislators to act on behalf of reform. They utilized the media both proactively to frame the issue and reactively to counter criticisms. To this end, they wrote op-ed pieces in newspapers across the state and persuaded friendly surrogates to do so as well. They also took advantage of local radio and television opportunities. One legislator described one of their media outreach strategies:

One of the things we did, once we passed [the bill] in January we were trying to get the Senate to act on it that year so instead of going [to

committee], I would go over to the Majority Leader's office and get on the phone and call up radio stations, just talking live. "Hi... we passed the property tax bill in January. I was wondering if we could just talk about it on the radio," and they'd just put you on live back then. They would just say, "Sure. Hang on. We'll do it right now. We have [redacted] on the line." We would just do these things, station after station; every opportunity to get on the radio. (Informant 03)

The other thing is a program called *About This Week*, which is like *Washington Week in Review*. So three of us... would find out every week who the reporters were that were going to be on and we'd make sure to visit them the morning of so that the reports of what had happened were fresh in their minds. (Informant 03)

In their media campaigns Cillo and Freidin and their allies employed the symbol of fairness. For example, Ways and Means Chair Oreste Valsangiacomo touted his committee's bill in populist terms saying: "You've got to look at this as a bill for the people. It levels the support for education. It eliminates disparities between towns" (Allen, 1994a). They also emphasized that the House bill was not adding new money to the education budget (S. Campbell & P. Mallery 1994, personal communication, January 25, 1994; Larsen, 1994) but rather spreading it around the state more fairly by shifting the tax burden from highly unequal local property taxes to other more broad based and equitably distributed taxes.

With powerful advocates in top positions of authority in the House and a bill that would lower property taxes for citizens in most towns, any opposition to H.541 had little chance of succeeding. The bill passed the House on January 13, 1994 by a comfortable margin of 83 to 62. Regarding this victory, one informant commented:

Now we knew and had known for a long time that the printouts would show that the vast majority of towns, and therefore voters within those towns, were going to benefit. It was something like 80 percent to 20 percent... that's why it wasn't hard to go up to a Republican and say, "Look, the house of average value in your town is – we'll take a reasonable income which is \$40,000 – that kind of a voter is going to save

\$600 in your district. So if you don't want to vote for this, that's fine. You'll hear about it at election time." (Informant 07)

The pro-reform advocates' victory in the House depended in large part upon the manner in which House legislative seats are configured. In the House, districts are small and frequently coterminous with towns. If each legislator voted strictly upon its town's interest, victory was assured because under the school funding formula used in H.541 most towns would pay less in property taxes than they had under the Foundation Plan. This situation highlights that property wealth was disproportionately amassed in the relatively few gold towns that generated tax revenue through commercial industry and tourism.

However, the bill faced a far tougher hurdle in the Senate where legislative districts were significantly larger and almost always included at least one gold town (Informant 21). Therefore, senators would be aware that H.541 would raise taxes among some constituents. That "gold towns tended to be more conservative, tended to be more Republican" reinforced opposition in the Republican-controlled Senate. Throughout the biennium, Republicans had made their antipathy for both an income tax and a statewide property tax well known. Their traditional alliance with the business community and concern for local control allied them with very influential pressure groups such as the Vermont Chamber of Commerce, the Vermont Business Roundtable and the Vermont League of Cities and Towns.

Senate Leadership

After winning approval in the House, H.541 moved to the Senate for consideration where Senate Majority Leader John Carroll immediately branded the bill "radical" and declared several of its provisions, including the local income tax,

unworkable. This reaction did not surprise House Democrats, one of whom noted: “[H.541] just didn’t fly in the Senate. We knew it wouldn’t fly but we thought we could put political pressure on them” (Informant 16). As in the House, the Senate leadership – comprised of Majority Leader Carroll, Senate President Pro Tempore John Bloomer and Lieutenant Governor Barbara Snelling – possessed significant amounts of positional authority. These Senate leaders were generally opposed to any significant change to the existing system of school finance. Had they so desired, they could have prevented H.541 from coming up for Senate consideration during the 1993/94 biennium. However, they were under a fair amount of external pressure from an increasingly restive electorate to “do something” about education funding and property taxes (Hoffman, 1994c). Therefore, such an approach carried with it the danger of alienating voters. As one informant noted: “They couldn’t say, ‘Oh, well, the system we’ve got is dynamite. They weren’t that foolish. They had to do something” (Informant 07). To that end, they sought to enact modest reform that left as much of the status quo intact as possible.

Many of the rank and file Republicans shared the leadership’s perspective. For example, one Republican senator noted that he was “very dubious about the tax sharing” due to its potential negative impact on “local control” (Informant 02). Indeed, the defense of local control was a common refrain utilized by reform opponents, including Lieutenant Governor Barbara Snelling.

However, the Senate was not a monolith. For example, Education Committee Chair Jeb Spaulding had been quietly working to advance the cause of school finance reform in his committee since early the previous year. He had served on the Governor’s Blue Ribbon Commission on Educational and Municipal Financial Reform in 1992 and

was the Co-Chair of the Senate Committee on Education Finance/Property Tax Reform that had recently returned a recommendation for a regional property tax sharing proposal.

Acknowledging reality, Spaulding commented:

The current system for funding education is very unfair to taxpayers, students, homeowners and owners of open land. We need to take some action. But nothing can pass the legislature without the support of both the House and Senate. With 30 in the Senate, we need the strength to convince 16 people to vote for change. (Russell, 1994, p. 3)

As a result, he staked out a compromise position with his regional property tax sharing proposal. This position allowed for some tax sharing but avoided the state intervention that so many Republican senators opposed as well as the income tax that the governor and most of the Senate opposed.

In May 1994, the Senate Education and Finance Committees successfully voted out a regional sharing plan that called for the levying of unified tax rates for school districts within supervisory unions. Under the plan, taxes would be levied at the supervisory union level and then redistributed back to districts on a per-pupil basis. These regional tax sharing funds were supplemented by an additional \$60 million in new general fund taxes. Importantly, the Education committee decided to remove the statewide teachers contract from the bill on the basis that it was considered too controversial (Allen, 1994c). The Senate response to H.541 also included education quality and accountability components such as school choice and charter school provisions. With these measures, the bill's supporters sought to broaden their reform coalition by making the bill more appealing to Republicans and business organizations such as the Vermont Business Roundtable (Hoffman, 1994c) which had been calling for the legislature to reform the education system before it reformed the funding system. For

example in its 1993 publication, entitled *Restructuring Education in Vermont: Fundamentals and Funding*, the Vermont Business Roundtable concluded with the following recommendation: “We need to determine how the system should be changed and *then* we need to deal with an uneven funding system and alternative means of funding public education.” (p. 23).

However, in the waning days of the 1994 session the bill ran into trouble in the Senate Appropriation’s Committee. Despite having sufficient votes in the Committee, Appropriations Chair (and Majority Leader) John Carroll used his positional authority to strike all of the Education and Finance Committees’ provisions in favor of a universal homestead deduction. Carroll’s plan, which the Appropriations Committee approved 6-1, would phase in over two years a 20 percent reimbursement of the school taxes paid by each resident homeowner up to a maximum payment equal to 20 percent of the median home value in a given town. To fund this plan, the bill called for \$31 million in general fund dollars for FY 1995 and \$42 million the following year. Carroll justified his scaling back of the reform plan on the basis of unfavorable revenue reports for the state (Hoffman, 1994f). His bill passed a preliminary vote in the Senate by a slim party line margin of 16-14.

Senate Democrats and some Senate Republicans immediately denounced the bill as a giveaway to the rich. Senate Democrats further assailed the bill because it did nothing to address the state’s persistent property tax inequities by evening out property tax burdens. They noted that Carroll could have chosen to add the general fund dollars attached to the bill to bolster the state’s Foundation Plan or its low-income property tax rebate fund. The *Rutland Daily Herald* ran an editorial calling Carroll’s maneuver a

“mockery of property tax reform” and went on to say that “[t]he Vermont Senate has taken the idea of property tax reform and turned it into an assault on the state treasury that will give the biggest dose of relief to the richest taxpayers” (“Tax Reform Travesty,” 1994, p. 16). It did not go unnoticed in the press that Carroll’s hometown of Norwich received the highest average reimbursement in the state (Hoffman, 1994g). Chastened by the public outcry and loss of much-needed Republican support, Carroll reversed himself the very next day and replaced the homestead deduction with the original regional tax sharing plan, albeit with a reduced state contribution of \$46 million. This version passed the Senate 20-10 with strong bipartisan support.

Carroll’s ploy highlights the limits of positional authority in the macro arena where legislative actions are closely monitored by a wide variety of policy actors. Although the Senate leadership resisted the passage of reform measures, its ability to dismiss reform all together was constrained by public opinion and its impact upon the votes of rank and file legislators.

Governor Howard Dean

By dint of his positional authority, Governor Dean possessed many resources with which to influence the school finance debate occurring during the 1993/94 biennium. For example, as governor, Dean had ample access to the media through regular press conferences and other official appearances. Remarkably, however, Dean acceded to a gag order requested by Speaker Wright that prevented him from commenting on the issue until after the House had passed a bill. Dean stayed true to his word even though the House version of H.541 included a local income tax provision, a measure Dean had repeatedly deemed unacceptable (Hoffman, 1994b; Hoffman, 1994i). One informant

found Dean's actions to be in keeping with his general approach to governing throughout the early years of his administration: "In those years he was governor, there were a lot of issues he sat on the sidelines.... He was very cautious" (Informant 02). In the end, however, Dean opposed both the House and Senate measures. He opposed the House bill for its use of a local income tax to fund state aid (Hoffman, 1994h) and the Senate bill for its lack of cost controls (Hoffman, 1994e).

Vermont-NEA

As a large statewide organization, the Vermont-NEA possessed several key resources that allowed it to conduct a fierce lobbying campaign against the statewide teacher's contract. First and foremost, their sizable membership allowed them to repeatedly contact their representatives through phone calls and letters and in person during "NEA day" at the capitol to convey their views on the House bill. The organization also employed a media outreach strategy comprised of radio advertisements and op-ed pieces in local newspapers that challenged Wright's justification for a statewide teacher's contract. In these forums, the Vermont-NEA sought to generate opposition to the bill among average citizens outside of the teaching profession by portraying the statewide teacher's contract as a loss of local control for their communities (Hoffman, 1993d). The organization's president, Marlene Burke, became the public face of the Vermont-NEA's resistance and sparred with House Speaker Ralph Wright both in person and in print. In classic Wright form, the Speaker characterized the Vermont-NEA's intense lobbying campaign as "guerilla warfare," "obnoxious," "filled with deception" and "unlike anything I've seen in this building" (Pfeiffer, 1993; Allen, 1994b).

Despite its best efforts, the Vermont-NEA's campaign failed when the House passed H.541 in January 1994. According to one informant, the Vermont-NEA's campaign had little impact on legislator's votes. Instead, legislators concerned themselves with the taxation aspects of the bill. As the informant noted: "The 'no' votes in the House were more based on what was going on on the finance side and the communities who had a good deal didn't want that good deal to change" (Informant 13). Fortunately for the organization, members of the Senate did not favor the inclusion of a statewide teacher's contract and the measure was stripped from the Senate bill early in that body's deliberative process. The Vermont-NEA seized on the Senate's action as a "win" and subsequently receded from the spotlight (Informant 07; Allen, 1994c). They did, however, remember their friends and enemies later that fall when they actively campaigned against House members, including Ralph Wright, who had voted "yes" on H.541 (Informant 03).

Business Organizations

Business organizations possessed ample stores of resources that helped them to campaign against the implementation of school finance reform measures during the 1993/94 biennium. Such resources included money, large and well-organized memberships and an established lobbying presence at the capitol. In their opposition, these groups sought to block the passage of reform legislation – H.541 in particular – due to its potentially negative impact upon Vermont's business sector. For example a coalition of the state's leading business organizations, including the Vermont Chamber of Commerce, the Vermont Lodging and Restaurant Association and the Vermont Association of Realtors, claimed that "[t]he increase in corporate income taxes, business

and sales taxes and business property taxes (in some towns) under H.541 would adversely affect Vermont's competitive position for attracting job-creating capital investment" (Lake Champlain Regional Chamber of Commerce et al., business correspondence, January 11, 1995, p. 2). Business organizations actively opposed school finance reform measures by speaking out against them in public forums such as legislative subcommittees, forming coalitions with like-minded business organizations, conducting membership education sessions, and actively lobbying individual legislators. As a rule, they generally did not attempt to develop alternate school finance reform proposals (C. Benham, personal correspondence, January 23, 1995). A member of the Vermont Chamber of Commerce described his organization's strategy to oppose school finance reform measures this way:

Our strategies were: 1) testifying before legislative committees; 2) energizing our membership and encouraging them to contact their legislators; and 3) visiting directly with legislators. It is a small state. We knew all the legislators. We also formed coalitions with other business groups including the Associated Industries of Vermont, the Retail Association, realtors, and contractors. All of the business groups were pretty much opposed... (Informant 11)

Consistent with its stated interest in public policy, the Vermont Business Roundtable took a slightly different tack and spent considerable time and effort conducting economic analyses of the reform proposals under discussion that session (Vermont Business Roundtable, 1993b; Vermont Business Roundtable, 1994). A former state economist by the name of Arthur Woolf undertook these analyses on behalf of the VBR. Regarding his process, one House legislator commented:

We had released an early draft in the summer and you will find somewhere in there Art Woolf did a review or something. He wrote it and he never talked to us. He just read the document, which was the legislative council's first draft before we even reviewed it... He never talked to us.

He clearly wanted to start to nip this in the bud. He could see what was happening. He wanted it to go away. (Informant 03)

Woolf's analyses were sent to legislators and media outlets where they received considerable press coverage across the state.

A key strategy for these analyses was to dispute the predicted taxpayer cost savings of the various reform proposals, particularly the House version because it was more fully conceived and considerably more radical than the Senate's proposal. For example, in critiquing the House's bill, Vermont Business Roundtable president Maxine Brandenburg (business correspondence, March 30, 1994) noted that "the savings to most Vermonters as a result of eliminating the local property tax on a house are significantly smaller than they appear..." (p. 1). Another strategy involved frightening citizens about the potential economic harm that additional taxes might bring to the state. Again, Brandenburg (business correspondence, March 30, 1994) warned that "...the top Vermont marginal tax rate for an upper income taxpayer living in a town with an average local income tax rate would be higher than the rate in New York City" (p. 1). If such a tax policy were to be implemented, top earners would be more likely to move (Informants 15, 16, 18) and companies would shun the state as a potential site for new business development (Informants 08, 11).

Gold Towns/Ski Areas

Counting no more than 50 in number, gold towns derived their influence not from size but rather from their substantial financial resources and position as the economic engine of the state. As one informant commented: "The ski areas, you know, those towns do exert a fair amount of influence because skiing is so important to the economy" (Informant 18). In their opposition to school finance reform efforts, gold towns and ski

resort areas utilized many of the same strategies employed by the business community. First and foremost, they highlighted the potential negative impact of school finance reform proposals upon the local economy to generate opposition both among the general public and in legislative circles. They focused on these negative ramifications in legislative testimony, in media publications and as they lobbied individual legislators.

For example, The Killington Pico Areas Association³⁴ charged that the House proposal was shifting the property tax burden from primary home residents to businesses and second home owners. An association official commented that the dramatic increase in property taxes these towns would experience would "...really devastate the tourist industry in the state of Vermont. Those are the towns that are going to get hit the most – the ski towns and the towns that are around them" (Bandler, 1994, p. 13). Ski area representatives charged that as taxes increased in their towns, those costs would be passed on to tourists who, in turn, would choose to vacation elsewhere. This loss of tourism dollars would endanger the jobs of some 10,000 Vermont residents employed in the ski industry. While the ski areas never embraced either the House or the Senate versions of H.541, they reserved most of their ire for the House plan because it provided for considerably more property tax sharing.

Vermont League of Cities and Towns

Vermont's municipal lobby, known as the Vermont League of Cities and Towns, possessed a reputation as one of the state's most savvy and powerful lobbying entities (Informants 21, 01). This influence was a consequence of its statewide membership and the important role it played in providing training and day-to-day assistance to those

³⁴ The Killington Pico Areas Association was a chamber of commerce-like organization for businesses located in and around the ski resort community of Killington.

Vermonters tasked with managing the state's 246 municipalities. Because it was comprised of both property-poor and property-wealthy towns, the VLCT had to carefully balance its stance on the issue of school finance reform. It negotiated this potentially rocky terrain by developing and disseminating school funding plans that emphasized the state's role in paying for schools through general fund taxes. With the state assuming responsibility for a larger portion of education expenses, towns – both rich and poor – would be relieved of some of the burden that school funding placed on the local property tax. As a municipal informant put it: “It wasn't that we were just saying no to the statewide property tax. We were saying this is better for towns” (Informant 09).

In fending off state encroachment upon local property tax dollars, the Vermont League of Cities and Towns employed a “slippery slope” approach to keep its coalition of have and have-nots together. To this end, the League appealed to the future economic self-interests of all towns. One informant outlined the organization's effort as follows:

...we may not be a gold town this year, but all of a sudden the state is going to be using the property tax for this and this and we're going to become a quote 'gold town' collecting more property taxes and we'll lose for our own school because there is a new pig at the trough which is the state. So I think that was the key to our being able to have the coalition that continued to oppose the statewide property tax (Informant 09).

The League also played on many Vermonters' fear of the loss of local control as a means to prevent the state from appropriating local property tax dollars (Informant 09). Vermonters' attachment to local control is deeply rooted in historical circumstances that necessitated self-reliance and had remained a point of pride for many citizens, particularly those with longstanding Vermont roots. However, by the period under study, local governance was on the wane as the state increasingly assumed responsibility for more and more government functions and services. Therefore, for many townspeople,

municipal control of schools served as an important last bastion of local autonomy with which they were reluctant to part (Informants 16, 10, 04, 12, 18, 08). Three informants commented on the ideological justification for some Vermonters' opposition to school finance reform as such:

I think in most rural towns, when you came up with the word of local control or losing some local control, it was a devastating blow to these people and they just absolutely said no. (Informant 04)

...they felt there would be strings attached and they wouldn't be able to make decisions about [schools] if the money was coming from Montpelier or if this was a state system then the state would want to exert more control over what went on in the schools. (Informant 18)

It's the only thing they can have control over. They feel the bite of other things but they don't get to vote on it. I don't know if you've ever been to a town meeting. It's pretty extraordinary. You know, you engage with people you know and like who have very different opinions and it's a very interesting process to go through and to have the debate.... I feel like this is the one thing people get to vote on. They vote on it at the town level. You can vote the [school] budget down. You can't vote down the sales tax. You can't vote down the state budget. (Informant 08)

While citizens of property-poor towns complained vehemently about their rising property taxes, many rejected any reform proposal that was perceived to be an encroachment upon the local control of educational matters. This ideological opposition served as an impediment to reform advocates and a boon for reform opponents such as the Vermont League of Cities and Towns. As one anti-reform informant remarked: "We were able to continue to have a rather substantial majority of municipal officers who were opposed to a statewide property tax. I think it was the emphasis on the local control issue and the state's insertion into the property tax that was the key thing" to their ability to influence citizens and legislators to oppose H.541 as a viable school finance reform policy (Informant 09).

Pro-School Finance Reform Groups

Without a statewide apparatus, reform advocates often operated on a highly localized basis and lacked most of the basic resources common to the typical lobbying organization. They were small in number, working in isolation and lacking financial resources. However, they took their work seriously and considered themselves to be students of the issue. Community groups such as Norwich's Fairness in Financing Education (FIFE) and central Vermont's Vermonters Organized for Tax Equity (VOTE) organized informational meetings, engaged politicians, coordinated petition drives, and managed local "get out the vote" campaigns (Mathis, 2000). Through these efforts, they pushed for policy change that focused on the redistribution of funds to better equalize per-pupil expenditures throughout the state and supported ideas such as a local income tax, a statewide property tax, and recapture provisions aimed at sharing revenue from property-rich towns (P. N. Gray et al., organizational communication, January 6, 1994; Norwich Committee on Fairness in Funding Education (FIFE), organizational communication, January 1997; Mathis, 2000). However, these groups generally operated alone and tended to not generate much statewide attention. While the growth in pro-reform organizations signaled increased interest in and attention to the issue of school finance reform, they possessed limited influence due in part to their lack of coordination. In fact, a lack of a statewide coalition was one of the reasons Paul Cillo and John Freidin took the extraordinary step of registering themselves as a lobbying entity (Informants 20, 07). Such an organization would not have been necessary had more of a coordinated pro-reform network existed.

Macro Arena
1993/94 Biennium: Concluding Interactions and Outcomes

By late May of 1994, after two years of legislative effort and intense interest group advocacy, the House and Senate passed two significantly different education finance reform packages. The House bill reflected a strong pro-reform influence that had been shaped by a powerful advocacy coalition located inside the chamber's leadership. The Senate measure's regional property tax sharing plan reflected that body's ambivalence towards the school finance reform issue. As one informant noted: "[The Republicans] wanted to rely on the system that we had" (Informant 17). However, because the Democrats had engaged the issue with H.541, they were forced to respond with their own proposal lest they appear unsympathetic to an issue that had recently bubbled to the top of the Vermont public's political agenda.

Immediately following the Senate's approval of its school funding bill, both sides began to determine which of their members would sit on the six-person Conference Committee designated to negotiate a compromise measure. Not surprisingly, Speaker Wright nominated the architects of the House version, Paul Cillo and John Freidin, along with Carl Powden of the House Education Committee to serve on the conference panel.

In the Senate, the Committee on Committees is responsible for selecting Conference Committee members. That biennium, the Committee on Committees was comprised of Lieutenant Governor Barbara Snelling, President Pro Tempore John Bloomer and Senator John Doyle, all three Republicans on the record as opposing a statewide property tax (Pfeiffer, 1994). Together they nominated Senator Matt Krauss of the Senate Finance Committee, Senate Majority Leader John Carroll of the Appropriations Committee and Bloomer. Their choice of committee members was

particularly important because those members would be negotiating on behalf of the entire Senate and would bring back a bill that would require an up or down vote by the full body. If the Conference Committee approved a more progressive plan than the leadership desired, they would not have any mechanisms at their disposal to block or modify the bill. In the interest of preventing this scenario, President Pro Tempore Bloomer utilized his positional authority to nominate himself to participate in the Conference Committee negotiations. One participant describes Bloomer's approach to negotiations in the opening session of the Conference Committee:

So we got there the first meeting. We both explained our plan and then Bloomer looks across the table and says, "I just want to let you know that we're not going to accept a bill with the local income tax, we're not going to accept a bill with any new statewide revenues, and we're not going to accept a bill with a statewide property tax." (Informant 03)

One House member called the conference committee a "charade" given the strong ideological differences between the two groups (Informant 07). An informant noted:

I remember tensions running very high in the legislature that year, especially towards the end of the year when there was the Conference Committee. It was just clear from everybody observing outside, it wasn't going to go anywhere. Everybody was kind of going through the motions, but Democrats did seem to think that they could shame the Republicans into [voting for] it. (Informant 17)

In response, to Bloomer's defiant approach, Majority Leader Ralph Wright instructed his conferees to call the Senate's bluff and offer to approve its regional tax sharing bill, which he believed they did not genuinely support. The Senate leadership accepted his offer and, in the end, held the Republican coalition together to pass the Conference bill in the Senate. A senator remembers this vote:

When it came time to pass a Committee of Conference report, I did vote for it and my arm was twisted a little bit. Bloomer essentially said to me that it would never become law but it was a great political football and the

headline in the *Free Press* would read that “School Finance Reform Blows up in the House,” and that’s just about what the headline read. (Informant 02)

Back in the House, the Conference bill was resoundingly defeated as Senator Bloomer had predicted and the longest session of the Vermont General Assembly since 1965 came to an end without the passage of school finance reform. Mathis (2000) summed up the legislative biennium in the following way:

H.541 was politically impossible with a Republican Senate and an irate teachers’ union.... The House reform plan fell to a strange coalition of local autonomy protectors, a Republican controlled Senate, palace intrigue³⁵ within the Democratic Party and the influence of the teachers’ union. (p. 13).

According to Kingdon (1995), the survivability of a policy proposal is enhanced if it is technically feasible, congruent with the values of the policy community and in line with budgetary constraints. Although championed by powerful forces in the House, H. 541 could not survive the opposition by Governor Howard Dean, powerful lobbying entities and the Senate Republican leadership to its radically different school finance plan which included an income tax, a statewide property tax and general fund tax increases. Mazzoni (1991) notes: “The macro arena expands and intensifies competition among contending interests, particularly if a redistributive issue is at stake” (p. 130). The House’s attempt to redistribute tax dollars from property wealthy towns to property poor towns through a statewide property tax and a guaranteed yield mechanism funded by a statewide property tax and an income tax galvanized opposition among a variety of well-funded and powerful lobbying groups benefitting from the status quo and allowed these

³⁵ This comment refers to Wright’s plan to force the Senate Republican’s hand on passing their own regional tax sharing plan. The Republicans stood firm and forced House Democrats to cast the deciding vote against property tax reform that biennium.

groups to mobilize against reform plans. As one might expect of politics in the macro arena, the defense of the status quo relied upon dramatic predictions of economic doom and social dislocation should the House reform plan be enacted. These predictions resonated with legislators in the Senate and the 1993/94 biennium came to a close without the enactment of school finance reform legislation.

Later that year, Governor Dean won an easy reelection contest by besting his Republican opponent, David Kelly, by approximately 50 percentage points (Pfeiffer, 1994b). In the Legislature, the House maintained its large Democratic majority and the Senate picked up two additional Republican seats. Throughout that period, the property tax issue remained firmly situated in the macro arena. An October 1994 newspaper article profiling the upcoming state elections characterized high property taxes as "...the one overarching issue that seems to be resonating in campaigns for every office from state representative to governor" (Sneyd, 1994). Following the elections, a December 1994 *Rutland Herald* poll found reducing property taxes to be the number one issue registered voters wanted the Legislature to tackle during the 1995 session (Hoffman, 1994k).

This desire among voters was not terribly surprising given that FY 1995 saw general state aid to education drop yet again to 28.9 percent of total education funding, down from a high of 36.7 percent in FY 1988, the year the Foundation Plan went into effect³⁶ (Benham, Klein & Williams, 1996). The decline in state aid continued to negatively impact many local school districts as "education spending was cost-shifted onto the property tax" (Informant 15). For example, the seven towns comprising the Addison Central Supervisory Union in central Vermont saw a combined 14 percent

³⁶ State share would drop even further to 25.6 percent in FY 1996 (Benham, Klein & Williams, 1996).

reduction in general state aid for the 1995/96 school (J. Lombardo, personal communication, April 28, 1994). To make up for the state shortfall, towns continued to increase local property taxes. In a memo to its members, the Vermont League of Cities and Towns highlighted that for the first time since the introduction of the income tax in the 1930s, the amount of property taxes collected in Vermont for FY 1995 exceeded the amount of general fund taxes collected. For that fiscal year, local municipalities collected \$635 million in local property taxes versus \$628 million in general fund taxes (R. Bast, VLCT, personal communication, October 6, 1995). The state's practice of shifting education expenses on to the local property tax further exacerbated taxing disparities between property wealthy and property-poor communities (Vermont Department of Education, 1994; Informants 12, 13) and forced property taxes "to escalate at a rate that was not sustainable" (Informant 04).

Macro Arena
1995/1996 Biennium: Actors, Goals and Motives

This section outlines those actors participating in the macro arena during the 1995/96 legislative biennium. It also outlines their motivations for continuing to participate in the macro arena along with the policy goals they wished to achieve through their participation. Once again, consistent with Mazzoni's (1991) expectations for the macro arena, the issue of school finance reform generated a high level of interest among a wide variety of interested parties both inside and outside of the state government during the 1995/96 legislative biennium.

Governor Howard Dean

As noted above, Howard Dean easily won his 1994 bid for reelection. One informant quipped that in the wake of his reelection "[t]he governor was more popular

than I ever hoped to be popular at home. Everyone thought he was just dandy.” (Informant 07). Dean took his huge victory to signal that his moderate course was popular with voters (Pfeiffer, 1994b) and commenced the 1995 session by proposing a “doable” agenda that included property tax reform as “...his top priority in the next session of the Legislature” (Hoffman, 1994k, p. 1).

Sizing up Dean’s motivation to enter the school finance reform debate with his own proposal, two political analysts for the Vermont Press Bureau noted:

Like any astute politician, Gov. Howard B. Dean knows how to sail with the political winds. One year ago Dean pushed the promise of health insurance for every Vermonter. After that fizzled in the Legislature, Dean took up property tax reform and made it a central issue of his re-election campaign. Now Vermont’s Democratic governor, entering his second full term, brings to the new year a new property tax plan...(Derby & Pfeiffer, 1995, p.1)

The two further noted that Dean’s approach to school finance reform would remain within the broader context of maintaining “a Republican-like vise on state spending” (p. 1).

Primary and secondary source documentary evidence reveals that Dean supported the passage of a moderate property tax reform bill at the onset of the 1995/96 biennium (Hoffman, 1994k; H. Dean, personal communication, October 10, 1994; Joint Fiscal Office, 1994). His bill – H.74, introduced by Representative Sean Campbell – sought to reduce property taxes for most residents by adding \$25.7 million to the state aid for education budget. This additional \$25.7 million would come from maintaining the fifth penny on the sales tax as well as the levying of a minimum \$0.67 local property tax. This minimum property tax was designed to compel residents of towns with exceedingly low property tax rates to contribute to the state aid formula. Those towns that could afford to

fund their school budgets below the \$0.67 minimum local property tax would have the difference collected by the state and added into the state coffers for redistribution through the Foundation Formula. The governor's plan estimated that the minimum property tax would yield approximately \$10 million in tax sharing dollars. In addition, the governor's proposal reduced the state income tax from 25 percent to 24 percent, provided a \$100.00 tax credit to Vermont taxpayers earning less than \$15,000, made local school districts responsible for funding teacher retirement plans, and imposed school district spending caps to ensure that the state aid went to property tax relief instead of larger local school budgets (H. 74, 1995).

In a January 3, 1995 letter to Chair of the House Ways and Means Committee Oreste Valsangiacomo, Dean outlined four goals for his school finance proposal. They were: 1) to achieve greater equity in the property tax by reducing overall reliance on the property tax to fund education costs; 2) to exert downward pressure on education spending by denying state funding for spending above spending caps; 3) to make state funding for education more progressive by funneling money previously spent for teacher's retirement through the state aid formula and by increasing the weight of the income factor in the Foundation Plan formula; and 4) to stimulate the economy and encourage the creation of jobs by reducing the income tax rate and granting a credit for low-income taxpayers (H. Dean, personal communication, January 3, 1995). Dean viewed his plan as both "affordable" and "equitable" (H. Dean, personal communication, October 10, 1994, p. 1). By supporting such a measure, he banked on the bill's ability to provide a modicum of relief to property taxpayers without unduly harming the state's economy. Characterizing Dean's modest approach to school finance reform, one

informant remarked: “He thought at first, I think, that it could be solved in a less comprehensive way. As governor, he was incredibly conservative” (Informant 01).

House Leadership

The House of Representatives returned for the start of the 1995/96 biennium with a significantly different leadership team at the helm. In an unanticipated upset, Speaker of the House Ralph Wright lost his bid for reelection in November 1994. Wright had seen his support erode in the face of his advocacy for the statewide teacher’s contract (Informants 02, 03). Rep. Michael Obuchowski, a long-term Democratic representative from the town of Bellows Falls captured the Speaker’s position. Although a strong liberal, Obuchowski signaled a break with the Wright era by promising a more conciliatory and less ideological approach to House leadership (Allen, 1994d.). School finance reform advocate, Paul Cillo, received a promotion to House Majority Leader. His school finance ally, John Freidin, took Cillo’s old position as the Vice Chair of the House Ways and Means Committee.

Confirming the issue’s presence in the macro arena, the session began with several representatives introducing school finance reform bills for consideration during the 1995/96 biennium. In total, eight different pieces of school funding legislation were referred to the Ways and Means Committee. These bills ranged from structural overhauls of the system (e.g. John Freidin and Oreste Valsangiacomo’s local income tax proposal) to a modest Republican measure that sought to simply add additional sales tax dollars to the existing Foundation Plan (H. 115, 1995; H. 166, 1995). According to one legislator, property tax reform’s high profile compelled many representatives, including those not particularly familiar with the issue, to propose legislation as an easy way to acknowledge

their constituents' concerns: "Nobody wants to say 'We don't have a problem.' It doesn't take a whole lot of work to introduce a bill. You just grab a little stuff and then write something up" (Informant 07).

Primary and secondary source data indicate that reform advocates Freidin and Cillo realized that the addition of two Republican seats in the Senate made the chances of passing a non-incremental piece of school finance legislation even less likely than it had been the previous biennium (Informants 07, 03; Hoffman, 1995a; Page, 1995; J. Freidin, personal communication, December 28, 1994). Reflecting upon his disappointment with legislative composition of the 1995/96 biennium, one pro-reform informant recalled: "It's real obvious that there's nothing going to happen of any consequence" (Informant 07). A political analyst writing for the *Burlington Free Press* summed up the early 1995 political landscape surrounding the issue of school finance reform in the following passage:

A statewide teachers' contract is dead. The idea never even made it to the table this year. The local income tax is almost certainly dead. Dean and the Senate are adamantly opposed. Expect the Ways and Means Committee to acknowledge this reality soon. As a corollary, there is no chance the Legislature will eliminate local school property taxes this year. That leaves the Ways and Means Committee with statewide sharing of property taxes as the only major reform with any chance of success. (Page, 1995)

Yielding to this political reality, Freidin and Cillo were forced to prioritize the five policy goals³⁷ they had developed during the 1993/94 biennium. Consequently, they oversaw the creation of a Ways and Means Committee bill designed to appeal to both Governor Dean and moderate senators by foregoing the local residential income tax

³⁷ According to informant reports, Freidin and Cillo's five school finance policy goals included: 1) reducing property taxes; 2) equalizing the ability of all towns to raise money for public school; 3) basing the education tax on ability to pay; 4) taxing farm and forest land at its current use rate; and 5) ensuring that all towns – not just poor ones – have a stake in a school finance plan's long-term viability (Informants 07, 08).

which had facilitated the duo's goal of taxing based on ability to pay. They also eliminated "current use" provisions for the taxation of farm and forest land. According to one House leader, it was "a statewide property tax on all property. No split [between residential and non-residential]. No local income tax. Just property tax rates, so it solved the horizontal equity problem" (Informant 03).

The new legislation, titled H.351, distributed state aid through a guaranteed yield formula that enabled each district to raise the same amount of revenue per pupil per penny of school property tax. The initial guaranteed yield set by H.351 was \$42 per pupil per penny. Under the guaranteed yield system, districts that raised less per pupil than the equalized yield received the difference from a school board trust fund; districts that raised more than the equalized yield sent the excess to the school board trust fund. The bill's authors estimated that approximately \$19 million in sharing funds from 50 property-wealthy towns would be generated in the plan's first year of implementation. The legislation also called for an additional \$60 million in new general fund taxes to replace the \$60 million reduction in local property taxes. The bulk of these taxes would be raised through the extension of the fifth penny on the sales tax and a two percent increase in the rooms and meals tax. Finally, the measure provided a homestead exemption of 50 percent capped at \$25,000. (Sneyd, 1995c; H.351, 1995; Vermont Legislative Council, 1995a).

According to documentary and informant data sources, this bill reflected the House leadership's primary motivation to address the school finance issue by reducing the spending and taxing disparities between property-poor and property-rich school districts by evening out the ability of school districts to raise money through an equalized tax effort. In short, it sought to "put the resources of the whole state behind the education

of every Vermont child” (Freidin, 1995). It also had the desired effect of putting all towns on the same footing in terms of requiring state support. This outcome was a key goal for both Cillo and Freidin. Regarding this point of view, Freidin (1995a) noted in his speech introducing H.351:

For property tax relief to be sustainable – to prevent it from melting away as it has done every other time this legislature has changed its education finance system – the new system must differ from all those of the past in one simple but fundamental way: the new system must be able to attract 76³⁸ votes for the annual appropriation needed to give Vermonters tax relief. (pp. 2-3)

As one newspaper editorial put it, a major outcome of the bill would be to make sure all school districts would “...squawk if the state tried to shirk its duty...” with regard to adequately funding schools (“Now is the time,” 1995, p. 14).

While Cillo and Freidin were ambivalent about the bill’s heavy reliance upon the use of the property taxes to fund schools because it did not address their ability to pay concerns,³⁹ the two regarded some measure of structural reform as better than simply adding state funds to the existing aid formula, as advocated by more conservative-minded legislators (Informants 07, 03; Hoffman, 1995b; Sneyd, 1995b). In a memo to his fellow Ways and Means Committee members regarding H.351, Freidin displayed his mixed feelings concerning the bill when he wrote:

Personally, I still believe that H.115⁴⁰ – with its guaranteed yield local income tax – provides the best answer to school finance, for it enacts a system whereby Vermonters pay for schools according to their ability to

³⁸ The number 76 reflects the number of votes a bill would need to receive a majority vote in the Vermont House of Representatives.

³⁹ Ability to pay is more formally known in school finance reform discussions as “vertical equity.”

⁴⁰ H.115 was the bill sponsored by John Freidin and Oreste Valsangiacomo. It closely mirrored Cillo and Freidin’s H.541 of the previous biennium in that it called for a local income tax and statewide nonresidential property tax.

pay – their taxable incomes – and whereby each town has an equalized ability to raise revenue to educate its children. I campaigned on that plan, and I hope that someday this legislature will adopt it. But today is not that day. This is not the time to try to pass an income-based school finance plan.... So I think we should aspire to what we can reach. (Personal communication, February 16, 1995, p. 1)

Concurring with Freidin, House Majority Leader Cillo deemed the plan "... a moderate proposal that delivers substantial property tax relief to Vermonters" (Hoffman, 1995b, p. 14).

Senate Leadership

The 1995/96 biennium saw the leadership of the Senate significantly changed as well. Just a few weeks before the legislative session was set to begin, President Pro Tempore John Bloomer died in an automobile accident. In the wake of his death, the senate elected Finance Chair Stephen Webster as the new President Pro Tempore. Fellow Finance Committee member Sara Gear was elected to the position of Senate Majority Leader following John Carroll's departure to run for a seat in the U.S. House of Representatives.

Multiple primary and secondary sources indicated that the senate leadership, pressured from constituents suffering under the weight of increased property taxes, showed signs of being open to collaborating with the House in the beginning weeks of the 1995 session to address Vermont's school funding/property tax issue (Informants 03, 17, 07, 02, 19; Page, 1995). For example, in personal communication to Representative John Freidin, pro-reform ally Mique Glitman wrote: "...I have become more optimistic, strictly due to Webster's ascendancy and the public comments he has made about property tax reform. Webster's support deradicalizes and gives a public tip of the hat to bi-partisanship" (Personal communication, January 18, 1995, p. 3). One informant

detailed a meeting he had with President Pro Tempore Webster regarding the development of a compromise bill:

So I met with him and said, “Look, the Senate said they didn’t want a non-residential statewide property tax, they didn’t want a local income tax and they didn’t want more than \$25 million in revenue. If I pull a bill together that does that, is it something you can pass?” (Informant 03)

According to the informant, Webster gave a positive response and that legislator believed “the door was open” to negotiation. Newspaper reports substantiate the informant’s description of events. A February article in the *Rutland Herald* notes that Senate Pro Tempore Stephen Webster received the House’s school finance reform proposal favorably and commended its willingness to drop the income tax provision that had been a part of the last biennium’s school finance reform bill (Hoffman, 1995b). Documentary evidence also indicates that he worked with Senate Minority Leader Peter Shumlin to design a property tax reform plan that was philosophically similar to that put forth by the House (Vermont Legislative Council, 1995b).

Interview informants and newspaper reports indicate that Senate Majority Leader Sara Gear was also involved in working to find common ground between House and Senate leaders on the school finance issue (Informants 02, 19, 17; Bloomer, 1995; Sneyd, 1995d). One proximate informant observed:

Paul [Cillo] and John [Freidin] had cut a deal with the Senate Majority Leader... Some kind of an arrangement that would have made it somewhat easier for the property-poor school districts to fund their education programs. And she went along with it, Sara Gear. She was the Senate Majority Leader. (Informant 19)

Additionally, a March 6, 1995 article in the *Rutland Herald* indicated that Senate and House leadership had agreed on the broad outline of school finance reform that included property tax sharing and that H.351 reflected these agreements (Bloomer, 1995).

Assessing Gear's motivation for her conciliatory approach towards House

Democrats' school finance reform efforts, one proximate observer commented:

I know [Gear] never wanted to go as far as Ralph Wright, in particular, wanted but she was willing to try to do something. She could see it. She came from Burlington and Burlington wasn't one of the poor towns, but it also wasn't one of the gold towns. She could see how it would help her constituents. And because she was a senator, she also represented all of the county and she had towns that were doing poorly. She was from the old New England Republicans and was willing to meet Democrats half way. (Informant 17)

However, primary and secondary source data reveal that many within the Senate Republican rank and file did not support the tax sharing measures touted by the House leadership for financial as well as ideological reasons. For example, Senator Ruth Harvie of Windsor County disliked the House bill because it would raise property taxes for residents in 10 of the 24 towns in her district. In addition, as the owner of a bed and breakfast, she feared that increasing the rooms and meals tax by two percentage points would have negative repercussions for the state's tourism industry (Gregg, 1995). Other senators could not accept state control of property tax revenues. A Republican senator typifies this point of view in the following statement: "My perception was [the bill] was probably good for every property taxpayer in my district but I was still hung up on local control" (Informant 02). Another Republican senator who considered himself a moderate found this sentiment prevalent among his fellow Republican caucus members:

I think I was one of the few Republicans, there weren't many, that were supporting a statewide funding mechanism. Because Vermont is made up of so many very, very small towns, local control is really thought of as the way the state needs to operate and to even consider letting the state have more control over our local schools was not a popular idea. (Informant 04)

Sensing the membership's unease with the reform plan under discussion, Senate leaders took the highly unusual step of holding a secret caucus meeting at a hotel in the

neighboring town of Berlin, Vermont. There, the Senate leadership held a straw vote where they found very little support among the Republican base for any property tax reform plan that included a tax sharing provision (Pfeiffer, 1995).

Lieutenant Governor Barbara Snelling

In the wake of John Bloomer's death and John Carroll's departures from the Senate, Lieutenant Governor Barbara Snelling emerged as the respected elder statesperson of the Republican coalition (Informants 17, 02). As the 1995/96 biennium commenced, Snelling was coming off a close victory against her liberal Democratic opponent, Douglas Racine, a former Vermont state senator from Richmond. Poll watchers defined this race as a test of ideology. Although previously considered a moderate, she cast herself for this election as a "Ronald Reagan-style" tax cutter opposed to the "tax and spend" ways of her liberal opponent (Pfeiffer, 1994c).

Documentary and informant data indicate that during the 1995/96 biennium, Snelling served as a conservative counterweight to the newly elected, more moderate Senate Republican leadership and offered a strong and clear voice against property tax sharing and tax increases (Informants 17, 07; Pfeiffer, 1994a; Pfeiffer, 1994c; Freyne, 1996). For example, in her capacity as an opposition party lieutenant governor, Snelling developed Republican legislative priorities for the 1995/96 biennium. Included in these priorities was the statement: "Resist proposals for funding education that introduce any form of a statewide property tax" (Snelling, 1995, p. 5). According to primary and secondary source data, Snelling resisted a statewide property tax because she mistrusted "Montpelier's" ability to spend local money wisely and, second, the increased taxes in gold towns would be bad for business (Pfeiffer, 1995; B. Snelling, personal

communication, May 31, 1995; “If you think,” 1995). Instead, as a means to reduce the state’s property taxes, Snelling proposed short-term “relief” through funding of Vermont’s low-income property tax rebate program (S. 322, 1996) and long-term cuts to education spending as recommended in the Republican Education Financing Reform Committee’s *Challenge to Change* (1995) publication, which had been commissioned by her office.

Business Organizations

The goals and motivations of the business community with regard to school finance reform for the 1995/96 biennium remained largely the same as those for the 1993/94 biennium in that they were motivated by a desire to prevent the imposition of additional taxes on businesses and business owners. As one legislative informant noted: “...all the [lobbying organizations] that were from the for profit sector, from the ski areas to the accountants, every single one of them was against [property tax sharing]” (Informant 07). A representative from the business community concurred, stating: “All of the business groups were pretty much opposed to the bill” (Informant 11).

However, while in the previous biennium the business community highlighted the negative impacts of high income taxes on businesses and the economy, organizations such as the Vermont Chamber of Commerce and the Vermont Lodging and Restaurant Association now focused on the negative repercussions that higher property taxes in gold towns resulting from property tax sharing schemes would have on the state economy. According to the business insider mentioned above: “There was definitely concern that increased property taxes on second homes would hurt Vermont’s tourist economy” (Informant 11). To that end, these organizations opposed even the modest property tax

sharing advocated by Governor Dean in his school finance reform proposal and charged that his plan raised “serious economic development issues relating to business investment in low tax recreational and resort towns (Lake Champlain Regional Chamber of Commerce et al., business correspondence, January 11, 1995, p. 2).

One informant highlighted the perceived interconnectedness between the state’s economic health and the gold town’s business interests among members of the business community when he noted:

I think the Chamber of Commerce sees the ski industry as important to the state so, you know, they’re not going to say anything... The Chamber of Commerce isn’t going to come out and support something that raises taxes on the resorts. Even if it benefits somebody else, they’re not going to do that. (Informant 18)

An executive at a leading Vermont business organization supported this informant’s view:

The winter recreation economy, and the downhill industry in particular, is hugely important to Vermont’s winter economy. The winter economy is based on snow, snow, and snow and I am not underestimating that. Ski areas contribute tremendously to the state economy. Tourism is Vermont’s biggest industry. Without the winter recreation industry we would be in deep doo-doo. It is critically important to the economic well being of the state.... There was definitely concern that increased property taxes on second homes would hurt Vermont’s tourist economy. We thought increased taxes would be detrimental to the second home community. (Informant 11)

Ray Ault, representing the Vermont Association of Realtors, summed up the business community’s position in testimony before the Senate Finance Committee when he commented: “We are against a statewide property tax in any form” (Sneyd, 1996b, p. 16).

Gold Towns/Ski Areas

Primary and secondary source data indicate that gold towns and ski areas remained more opposed than ever to the various school finance reform plans proposed

during the 1995/96 biennium. During the 1995/96 biennium, the median school property tax rate in Vermont was \$1.30 per \$100 of assessed property value. However, gold towns enjoyed substantially lower property tax rates. For example, taxpayers from the town of Stowe paid \$0.66 per \$100 of assessed property value; taxpayers from the town of Sherburne possessed a school property tax rate of \$0.33; and, at the extreme, the town of Stratton paid a tax rate of just \$0.05 per \$100 of assessed property value (Freidin, 1996). For taxpayers from gold towns such as these, the passage of either the House or the governor's proposal would mean significantly higher property taxes with the money derived from those taxes being diverted to needy towns to help even out the state's widely disparate property tax base. Informants explain gold town residents' opposition to local property tax sharing provisions in the following passages:

...what it meant for them is that their tax rates would go up. Bottom line they had to pay more money. Because [with] a lot of tax base [and] not many kids, they didn't have to contribute much and so those towns could put on a pretty nice facility, educational program and spread around a large tax base. (Informant 16)

...it is very difficult for people who have had a certain draw and resources to pay for their schools to have decisions about how much they would have in the future taken over by the state. I mean, they still have the decision but they have to live with the consequences on an equal basis with everybody else... (Informant 20)

[Stowe] said, "If we want to spend \$1.00 on our schools, we have to raise like \$7.00 in taxes in order to do it. We'll put all our businesses out of business. We'll drive people out of their homes." (Informant 05)

Feeling threatened, gold town residents railed against being singled out for paying additional taxes through the tax sharing mechanisms included in both Governor Dean's and the Ways and Means Committee's bills. For example Edward Warner, a resident of Rutland Town decried property tax sharing as "socialism." Another Rutland Town

resident, John Flory, called such measures the product of a “dictatorship” and questioned their fairness: “What they’re actually doing is penalizing the well-to-do towns. It’s not fair to put that burden suddenly on our town” stated John Flory, a Rutland Town select board member (Bloomer, 1995, p. 11). These sentiments were supported in informant interviews where one gold town resident reflecting on the Legislature’s plan for property tax sharing noted: “That’s not the political system in the United States. We’re all for safety nets. We’re not for socialism” (Informant 05).

Vermont League of Cities and Towns

The motivations and goals for the Vermont League of Cities and Towns remained largely the same for the 1995/96 biennium as they had been during the 1993/94 biennium. The VLCT justified its continued involvement in the school finance reform issue because as it noted in a memo to municipal officers “...two-thirds of the revenues from [towns’] only tax base must now be used to fund schools” (R. Bast, VLCT, personal communication, October 13, 1995, p.2). As state aid to education continued to be level funded under the Dean administration, the burden of funding schools increasingly fell upon local property taxes. As a result, the organization’s highest legislative priority for the 1995/96 biennium was “...the reduction in the burden on the property tax.” They sought to achieve this goal by having “the state pay for one-half the total cost of education in the state” through increased broad based general fund taxes (R. Bast, VLCT, personal communication, October 6, 1995, p. 2).

Throughout this period, the League continued to oppose a statewide property tax on the basis that it was an encroachment upon the towns’ sole revenue source (Informants 09, 16, 21). As one official affiliated with the VLCT noted:

I think that there were enough people that were either a) alright under the property tax and b) who were very concerned about giving the state the property tax that we were able to continue to have a rather substantial majority of municipal officials who were opposed to a statewide property tax. (Informant 09)

Not surprisingly, primary and secondary source data reveal that the VLCT opposed both the governor's and the House Ways and Means Committee's bill because each measure continued the state's heavy reliance upon the local property tax and included a property tax sharing mechanism which the League considered to be tantamount to the levying of a statewide property tax (Jeffrey & Horn, 1995). VLCT Executive Director Steven Jeffrey was quoted in a newspaper report opposing even the governor's minimum education tax on the basis that it "would simply open the door to a broader state property tax" (Hoffman, 1994l, p. 7). While Jeffrey opposed the property tax sharing mechanism, he favored the House's guaranteed yield system. However, he believed that the guaranteed yield should be funded exclusively from general fund tax dollars rather than through property tax dollars (Hoffman, 1995b; Informant 09).

Pro-School Finance Reform Groups/American Civil Liberties Union

Primary and secondary source information indicates that the entrance of the American Civil Liberties Union (ACLU) into the macro arena during the 1995 legislative session invigorated the pro-school finance reform camp. The ACLU had become motivated to investigate the issue during the failed, highly partisan legislative battle of 1994 (Informant 19). In the wake of the legislature's inability to find consensus on the matter, pro-reform advocates brought the idea of suing the state as a means of compelling the legislature to reform the state's funding system to the attention of the organization's

screening panel. According a ACLU-affiliated informant, the ACLU “literally knew zero about the problem” but decided to look further into it:

I had a pretty good understanding of how uneven property taxation was and I’d never done anything about it. But I thought about it and it was really extreme here in Vermont. Very, very low tax rates in some towns and very, very high tax rates in others, depending on what was there. . . . It really was brand new. It was a brand new issue to me. (Informant 19)

After a review of the facts surrounding the case, interested volunteer lawyers led by Robert Gensburg began to examine their options for bringing suit against the state based on high correlation between local property wealth and property tax rates. The informant continued:

I remember when I first started doing this I looked at the data. I looked at the data that was involved and we had a much worse problem here [than in other states]. Our level of state aid was the second worst in the country. South Dakota was first. Mississippi was third. When the issue was presented to my colleagues and me, I mean to me it was pretty clear. It jumped right out at me once I had an understanding of what was actually happening here and how unfair it was. (Informant 19)

In a commentary piece for the *Burlington Free Press*, Attorney Gensburg laid out the ACLU’s justification for considering a school finance lawsuit against the state of Vermont:

People who live in property-wealthy towns should pay their fair share of the cost of educating the state’s children, and this undoubtedly means they will pay more taxes in some form. . . . Constitutional fairness means that people living in Stannard and Hardwick not be compelled to pay more than people living in Peru or Plymouth to educate the state’s school children. ACLU’s lawsuit is about kids and about fairness. We are disappointed that the Legislature, for whatever reason, has been unable to work for Vermont’s school kids and for fairness. It has become necessary to ask our courts to tell the Legislature to do so. (Gensburg, 1995, p. 5E)

In legal terms, the ACLU’s case was founded upon the Vermont constitution’s equal protection clause which in other states had been interpreted to mean that a state’s laws

should not discriminate against one set of citizens based upon where they live with regard to the provision of a fundamental right, which in this case was education. As one ACLU-affiliated informant noted:

Frankly, it didn't take long for me to realize there really was a serious equal protection problem. I remember the numbers because it was so extreme but in 1995, one school district the [property tax] rate was \$0.02 per \$100 of valuation – these are outliers but still they're there – and the other extreme was \$2.40 per \$100 of valuation. (Informant 19)

In seeking a favorable ruling from the Supreme Court on the equal protection issue, Gensburg's main goal was to compel the legislature to enact a school aid formula that relied upon the resources of the state, rather than the resources of a local jurisdiction, to fund public schools. As one informant noted: "Equal educational opportunity was [the ACLU's] goal and they were defining that financially" (Informant 05).

Macro Arena 1995/96 Biennium: Actors' Resources and Strategies

This section describes the resources and strategies utilized by those actors participating in the macro arena. In this biennium, as in the previous one, the tone of participant interactions continued to be highly partisan and reflected key differences in worldview. In the macro arena, actors once again relied on the media, powerful symbols and dire predictions for Vermont's future to help win votes for their side.

House Leadership

The pro-school finance reform contingent within the House of Representatives gained significant positional authority in the 1995/96 biennium as Paul Cillo became House Majority Leader and John Freidin took over Cillo's position as the Vice Chair of the Ways and Means Committee. As a result, the two gained substantial legislative

resources, including an increased ability to set the policy agenda, enhanced access to the media and expanded authority over bills leaving the Ways and Means Committee.

However, these House leaders also understood that the Senate's pick up of two additional Republican seats in the November 1994 election made finding a compromise measure all the more important if they wanted to see a piece of structural school finance reform legislation successfully enacted into law (J. Freidin, personal communication, December 28, 1994). As one Democratic strategist put it: "Unless and until the make-up of the general assembly changes, any attempt to pass broad property tax reform will be wheel spinning..." (M. Glitman, personal correspondence, January 18, 1995).

Consequently, Cillo and Freidin's main strategy focused on developing a compromise position to win over Governor Dean and the Senate leadership, whose approval would be critical to the passage of any school finance reform bill. In personal correspondence to Cillo, Freidin (December 28, 1994) outlined the concessions the House leadership would be willing to make in order to obtain a deal with the governor and the Senate Republicans. These concessions included: 1) that school taxes would not be based on ability to pay (i.e. income tax); and 2) that new general fund taxes would be limited to those acceptable to the governor such as maintaining the fifth cent on the sales tax, property tax sharing among towns or a possible increase to the rooms and meals tax.

Their positional authority within the House allowed Cillo and Freidin the ability to enter into negotiations with Senate leaders to determine acceptable parameters for a school funding bill (Informants 03, 19, 07). It subsequently enabled them to craft a compromise position in the Ways and Means Committee without dissenting factions

obstructing their efforts. A proximate observer described the critical roles played by Cillo and Freidin in passing school finance legislation in the new biennium:

Now Oreste Valsangiacomo, he was an elderly man. He was chair of that [the House Ways and Means] committee but the real people who were doing the moving and shaking were John Freidin as the Vice Chair and Paul Cillo who was Majority Leader. It was basically, what they would do is... there's this house next to the capitol building up on the second floor. That little room up there is where they would do all of the computer runs and the modeling and what have you. It was basically Paul Cillo and John who were doing the masterminding. Figuring all these things out and making them so they would pass the Ways and Means Committee and pass the House. (Informant 12)

The bill that emerged from the House Ways and Means Committee reformed school funding in Vermont within the parameters negotiated between House and Senate leaders in that it included neither a statewide property tax nor an income tax. Governor Dean supported the compromise approach and urged House members to pass something the Senate could accept (Page, 1995; Associated Press, 1995). Freidin's memo to House Ways and Means Committee members discussing their school funding bill highlighted the compromise provisions included in the measure:

Having spoken to R[epublican]s and D[emocrat]s, to members of the House and the Senate, I believe we should build our bill within the parameters that a majority of members are willing to consider. (We must not allow the ideal to become the antagonist of the good). I think those parameters are: 1) no local income tax; 2) continuation of a property-based tax system; 3) approximately \$60 million of broad based taxes to replace \$60 million of property taxes; 4) modest tax sharing among the towns; 5) reasonable restraints on spending. (Those towns which spend the most should have to tax themselves the most. The less a town spends, the lower its tax rate will be. No more new Cadillacs at used Subaru prices); and 6) taxation of eligible farm and forest land at use value. (Personal communication, February 16, 1995, pp. 1-2)

In keeping with their conciliatory approach, the Ways and Means leadership created a bill that was broadly similar to the school funding measure proposed by

Governor Dean in that it did not rely on the income tax, required sharing of property taxes between property-wealthy and property-poor school districts and relied heavily on the sales tax for additional revenue. The bill also closely mirrored an alternate provision being developed at the time in the Senate Finance Committee by Senators Stephen Webster and Peter Shumlin (Vermont Legislative Council, 1995b).

Cillo and Freidin's deep technical comprehension of school funding formulas allowed them to understand that there was more than one way to achieve their goals. H.351 was a vastly different bill from H.541. However, both forwarded the goals of evening out the tax base and ensuring that all towns had a stake in keeping the state aid formula fully funded, even if H.351 was not reform advocates' preferred method. In addition, their clear goals and persistence enabled them to "...not allow the ideal to become the antagonist of the good" as they worked towards passing a more generally accepted school finance package. As one informant noted:

[Paul] now knew this stuff inside out and he could essentially turn it in to anything he wanted to do. You know, give him the criteria, he'll make this perform. You know, an equalized yield system, it was a messy system. Bad policy, but it worked. The numbers worked. (Informant 03)

Once the bill was written and approved by the Ways and Means Committee by an 8-3 margin, House leaders turned to selling the bill to the rest of the legislature and the public at large. Documentary and interview data indicate that House Democrats were very much aware that Senate Republicans had successfully branded H.541 as "too radical" in the previous biennium (Informant 03; J. Freidin, personal communication, December 28 1994; M. Glitman, personal communication, January 29, 1995; Hoffman, 1995b) In the new legislative session, they aimed to publicly position H.351 as a reasonable compromise measure. For example, Speaker of the House Michael

Obuchowski characterized H.351 as "...an honest compromise on behalf of the House made in good faith" (Sneyd, 1995a). An informant confirmed this House Democrat strategy when he noted: "We just kept repeating, 'The Senate said this, the Senate said that, the Senate said this and this bill is all of those things...'" (Informant 03). The Democratic leadership's use of compromise in crafting H.351 not only enhanced the likelihood of passing a structural reform measure, but also provided potential political leverage if Republicans balked by making them seem disingenuous about their desire for reform.

Throughout the 1995 session, John Freidin emerged as the public face of the House's pro-reform contingent. He utilized his media savvy to convey a message of moderation. To do so he engaged in multiple policy debates on the issue and wrote numerous newspaper commentaries in which he emphasized the bill's fairness and invoked the words of previous Republican governors in an attempt to bolster the middle-of-the-road nature of the Ways and Means Committee bill. For example, in an April 7th Readers Forum printed in the *Burlington Free Press*, Freidin (1995b) countered a Republican critic by saying:

[Luther] Hackett's ideas are also a major departure from traditional Vermont views eloquently expressed by Republican Governor Deane Davis 25 years ago: "The people of the state want... every child... to have the opportunity for a good education... whether that child lives in a rich or a poor family... a rich or a poor town." (p. 7A)

Again, in a prepared statement for a debate on the Chittenden County local access television show *Point, Counterpoint*, Freidin (1995) commented:

As Governors [Deane] Davis and [Richard] Snelling urged, H.351 puts the resources of the whole state behind the education of every Vermont child. H.351 says that all 100,000 Vermont students are the students of Vermont, not merely of their hometowns. And that for the sake of Vermont as well

as the sake of each one of these students, they all deserve a fair chance for a good education. (p. 2)

On March 2, 1995, H. 351 received final approval in the House of Representatives. Typical of a compromise measure, liberal legislators disliked that the “ability to pay” provisions had been removed while conservative legislators thought that the tax sharing provisions of the bill went too far (Sneyd, 1995a; Sneyd, 1995b; Sneyd, 1995e). Exemplifying the latter’s perspective was Representative Rene Blanchard of Essex. In his floor remarks, Blanchard outlined the three key reasons why many representatives did not lend their support to H.351:

I cannot support this bill for the following reasons: 1) This bill has devastating economic impacts on my community, both the residential and commercial sectors; 2) This bill strips the local governments of the state their last remaining taxing authority, namely the property tax; 3) Lastly, I feel that this bill is a non-incentive/non-growth bill, which sends the message that Vermont is anti-business. (Journal of the Vermont House of Representatives, 1995, p. 421)

However, thanks to the positional authority of the pro-reform contingent in the House, these critiques did not gain traction in the form of amendments and the bill easily passed in the House by a healthy margin of 89-54 (Sneyd, 1995c; Sneyd, 1995f).

Senate Leadership

Although imbued with the institutional authority that accompanied their positions, the Senate Republican leadership team was new and untested. Being new to the positions, neither President Pro Tempore Stephen Webster nor Senate Majority Leader Sara Gear could count on the political resources that those in leadership positions traditionally accrue over time through demonstrations of power and effectiveness. For example, they lacked the ability to call in accumulated favors or chits from reluctant legislators, they were not feared because they did not yet have a track record of retaliation for

disobedience, and as novices, their names did not help candidates win elections in their home districts. As a result, they lacked the institutional resources generally associated with leadership positions.

The two also appeared to lack an understanding of the Republican membership's mood on the key issue of school finance reform. Primary and secondary source data indicate that both Webster and Gear were noticeably more willing than their base to stake out a compromise position on the issue of school finance (Informants 02, 19, 10, 17, 03; Vermont Legislative Council, 1995b; Hoffman, 1995b; Bloomer, 1995; Sneyd, 1995d). This truth was revealed to them during the straw poll taken at the extraordinary secret Republican caucus meeting on March 15, 1995. At this meeting, the rank and file membership rejected their leadership's plans for passing a compromise school funding bill.

Sara Gear abruptly withdrew her support for property tax sharing based on the results of the straw poll (Informant 19). In announcing her decision, she noted: "I have not given up on the fact that we may well do some sharing at the appropriate time. The appropriate time is not this year" (Sneyd, 1995d, p. 1). In press statements, Gear claimed that she revoked her support due to fears that Vermont could not afford the tax increases outlined in the House bill. (Sneyd, 1995d, Hoffman, 1995c). However, informants attributed her change of heart to political realities (Informants 04, 17, 02, 10). A proximate observer described Gear's predicament as follows: "I would say in Sara's defense, I think she was serious about trying to appeal and she couldn't get it through her caucus" (Informant 17). A Republican Senate member supported this analysis: "Sara Gear couldn't round up the Republicans in the Senate on that and I was one of those in

that I wasn't getting anywhere with the revenue sharing at that point" (Informant 02)

Another Republican recalled: "Sara Gear couldn't really get anything going.... My real conservative colleagues didn't want the state involved at all" (Informant 04).

Democrats, pro-reform advocates and Governor Dean were stunned by the news of Gear's reversal (Sneyd, 1995d; Informants 19, 10). Speaker of the House Michael Obuchowski responded to her announcement by saying: "That's completely contrary to everything we've been told. If it's true, we're utterly disappointed, especially based on representations that have been made to us" (Sneyd, 1995d, p. 1, 6). Gear came under serious political fire for her change of heart on the school funding bill. One newspaper report noted: "Senator Sara Gear has been publicly denounced as a traitor and a liar who, on the issue of property tax reform, caters to the rich at the expense of the poor" (Allen, 1995 p. 11). Angry constituents sent letters such as the following one from the town of Middlebury's Board of Selectmen:

It is with great disappointment that the Middlebury Board of Selectmen views the apparent failure of property tax reform in the legislature this year. We expected progress. We do not find it acceptable that the legislature has apparently capitulated in the face of complexity and is apparently unwilling or unable to even fashion a plan which will head us in the direction of equitable funding for education.... We recognize and appreciate those legislators who have worked long and hard toward changing the inequities of the present system. At the same time we deplore the actions of those legislators who have refused to participate in the creation of meaningful change. (Organizational communication, March 28, 1995, p. 1)

In the wake of the Republican caucus revolt, further attempts at school finance reform in the Senate proved to no avail. Demonstrating the limits of positional authority, not even the powerful Senate Pro Tempore Stephen Webster, described in newspaper reports as a "lonely voice inside his caucus for a statewide property tax" (Derby, 1996, p.

10), could muster the votes needed to pass a property tax sharing measure out of the Senate Finance Committee, which he chaired (Allen, 1995b; Informant 10).

Finally, in the waning days of the 1996 legislative session the Senate passed a meager property tax relief measure that included a \$10,000 homestead deduction for FY1998, education spending caps, and a plan for reducing block grant contributions for transportation, special education and teacher retirement costs to property wealthy towns (H.351 Senate Proposal of Amendment, 1996). In the end, the issue of property tax sharing simply proved to be too divisive for the Senate's Republican caucus. As one legislative watcher noted: "...until the court ruled [in the Brigham case], it was the Republican's problem that they couldn't figure out what to proactively promote" (Informant 17). Seeking to explain the lack of Republican support for structural change in the way schools received state aid, Senate Pro Tempore Webster commented in news reports that the idea of property tax sharing "...panicked a lot of people in the business community" and "just built up enormous resistance" in the minds of legislators (Derby, 1996, p. 10).

Governor Howard Dean

As governor, Howard Dean possessed ample resources to impact the school finance reform debate. Chief among them were his widespread popularity, his reputation as a moderating voice, his ability to attract media attention and his ability to set the political agenda (RDH, 9/23/94; Informants 07, 02, 15, 05, 08; Becker Institute, 1995b). Before the start of the biennium, Dean used his school finance reform plan (which would subsequently become H.74) to tout his bona fides as moderate on the campaign trail. In this way he was able to get out ahead of an issue that figured prominently in the minds of

many Vermonters as indicated by polling data (Hoffman, 1994i; Becker Institute, 1995a). As early as September 1994, Dean signaled the contours of his bill to the news media through press briefings (Hoffman, 1994h; Page, 1994). All but ignoring his attempt to revolutionize the provision of health care in Vermont during the previous biennium, Dean recast himself as the consummate moderate when he commented on his school finance plan: "I've always believed that if you do things moderately, they have a much better chance of working than if you try to reform the whole thing in a single year" (Hoffman, 1994h p. 8).

Dean's moderate approach received plaudits from editorial writers who approved of him "taking the initiative" on the issue as opposed to ceding control to the legislature as he had done in the previous biennium ("Dean's Tax Plan," 1994). Two *Rutland Herald* reporters handicapping the new legislative session noted: "The fact that he has an approach at all, and a bill, differs from last year's session when he let lawmakers take the lead" (Derby & Pfeiffer, 1995, p 4.) By taking a stand on school funding reform, Dean not only set the agenda for the coming legislative session but also established the basis for what passed as a "moderate" school finance reform bill. Importantly, Dean placed his "moderate" imprimatur on the concept of property tax sharing through his inclusion of a \$0.67 minimum property tax. The perception of Dean's plan as a middle-of-the-road approach received an additional boost when Democratic leaders such as Speaker of the House Ralph Wright and Senate Education Committee Member Jeb Spaulding criticized it for providing too little relief, despite the inclusion of a property tax sharing provision (Page, 1994).

Once his bill was submitted, Dean took on the role of cheerleader, urging the House to pass a bill that the Senate would find acceptable (Associated Press, 1995; Page, 1995). Dean's cheerleading for a moderate approach appeared to have had some influence since the House bill contained some elements similar to those found in his bill (e.g. local property tax sharing and the use of sales tax dollars to fund the reform package). Of course, House leaders also knew that a moderate approach was their only viable solution in the face of an increasingly Republican Senate.

Ultimately, however, Dean proved to be dissatisfied with the House bill. According to news reports, Dean did not communicate his dissatisfaction during House negotiations to help ensure that a bill passed (Sneyd, 1995g). However, once the bill had passed, Dean sent his Secretary of Administration William Sorrell to testify before the Senate Finance Committee where he offered the administration's point-by-point critique of H.351. Specifically, the Dean administration contended: 1) that the House's financial assumptions were overly optimistic; 2) that gold towns would not maintain their current per-pupil funding in the face of large tax increases, thus threatening the amount of money available for the guaranteed yield; 3) that the homestead exemption was a tax shift to businesses; and 4) finally, that the bill lacked a mechanism for restraining education spending growth (Sorrell, 1995). In his address to the Senate Finance Committee, Sorrell (1995) stated that he looked forward to working with the Senate Finance Committee "with the hope that [the House bill] can become the vehicle for our shared hopes for property tax and education quality reform" (p. 1). The newspaper reporter covering the testimony deemed Sorrell's comments "...practically an open invitation to rewrite major portions of the House bill" (Sneyd, 1995g, p. 11). In short, Dean employed the strategy of

discounting the actions of the more liberal House of Representatives in favor of negotiating with the more conservative Senate to produce a moderate school finance reform package. This approach would be repeated the following year as Dean negotiated legislation in the wake of the *Brigham* decision (Informant 15).

Gear's abrupt decision to curtail school finance negotiations in the Senate during the 1995 legislative session upset Dean, who had made school finance reform the centerpiece of his reelection campaign (Sneyd, 1995d; Derby & Pfeiffer, 1995). However, he appeared unwilling to use his political capital to compel the Senate to further action. By the beginning of the 1996 session, pro-reform legislators criticized the governor for not taking a more active role in property tax reform (Liley, 1996; Derby & Marro, 1996). For example, Representative Daniel Deuel commented to news reporters that "...the governor needs to get out in front on the property tax issue. Right now it doesn't seem like his commitment is there emotionally" (Derby & Marro, 1996, p. 6). According to informants, Deuel's assessment was correct. In their estimation, Governor Dean simply did not have a passion for school finance reform. Administration, legislative and interest group sources confirm that the school funding issue did not hold personal significance for the governor:

He was never a great supporter of equity in the sense of if he had to do it all by himself, would he have done it? No. (Informant 20)

Neither Dean nor anyone on his staff cared about the issue. (Informant 07)

Howard was never a big cheerleader [for school finance reform]. (Informant 11)

We would try to meet with him and talk with him and try to, you know, tell him about our plans and stuff. ...he didn't seem to be interested in the whole education funding debate. (Informant 09)

Quite frankly, education funding was not a top priority. (Informant 15)

My reaction is Howard wasn't too engaged. He was immensely engaged on every issue of health. He was immensely engaged on every issue that led to a balanced budget. He didn't like taxes a lot.... I was meeting with the governor weekly or more frequently than that and I don't know that he ever once said to me anything about how are we coming on education. (Informant 02)

Still others attributed Dean's ability to call it a day on an issue in the face of insurmountable opposition an intrinsic part of his personality. No fewer than three informants recounted a vignette from the former Speaker of the House Ralph Wright's biography in which Governor Dean abruptly abandoned his campaign for universal healthcare in the face of imminent defeat in the Senate (Informant 20, 18, 15). For Wright and these informants this story encapsulated how Dean, a physician, practiced politics the way he practiced medicine. Wright's story is recounted by one informant in the following way:

Ralph Wright had a really good description of him. I mean, he would get involved with things and, you know, he'd fight for them. But once it was over, whether he'd won or lost, he'd move on very quickly. Ralph sort of compared it to his having to learn to deal with patients dying. You go in, you try to treat them and someone dies and you just have to move on. Ralph thought that's how Dean dealt with a lot of issues: fight, try to do something, but if he saw it wasn't going anywhere, he'd just drop it and move on... (Informant 18)

Lieutenant Governor Barbara Snelling

As lieutenant governor, Barbara Snelling possessed few formal powers other than that she served as President of the Senate. In this capacity, she maintained a seat on the influential Committee of Committees that appointed Senate committee members and assigned bills to committees. However, because she was a Republican lieutenant governor with a presiding Democratic governor, "she was seen as the de facto leader of

the Republican Party” (Informant 17). In this capacity, she served as the standard bearer for the Republican Party and provided a political counterweight to the governor. Her association with her late husband, the much-admired former Republican Governor Richard Snelling, also strengthened her informal authority. One informant characterized her as the “heir-apparent to her husband’s legacy” (Informant 17).

Contemplating a gubernatorial run against Dean in the 1996 elections, Snelling positioned herself to the right of the newly-elected Senate leadership and utilized her stature within the party to rally the base around the traditionally conservative policies of low taxes, reduced government spending and respect for local control (Informants 02, 17; Pfeiffer, 1994c). In terms of resources, Snelling could thus bank on her relatively high profile as an opposition party lieutenant governor, her husband’s reputation as an honest broker and her popular conservative message. As one conservative Republican legislator noted: “I was sure that Barbara Snelling, with her family name and her energy for the campaign and [her position on] this issue, I was sure that she could take it to the next step and beat Howard Dean” (Informant 02).

Her forceful stance against property tax sharing, as laid out in her *Republican Legislative Priorities* for the 1995/96 biennium, made her the leader of the anti-school finance reform movement (Informants 02, 07; Snelling, 1995). In this capacity, she employed two main strategies to derail the possibility of a property tax sharing bill passing the legislature during the 1995/96 biennium. First, she worked to brand the property tax sharing provisions of H.351 as radical and dangerous because: 1) it gave “Montpelier” control over local property taxes; and 2) because the gold town property tax

increases called for in the bill would be potentially damaging to the state economy (Pfeiffer, 1994a).

To disseminate her point of view, the Republican Party paid for a media campaign that condemned the state for taking control of local property taxes. Paid political advertisements with the tag line: “If you think property taxes are high now... Wait till you pay them to the state” appeared in at least three of the state’s daily newspapers. In smaller print below, the advertisement cautioned against the state’s usurpation of local control, noting:

H.351, the House property tax reform proposal, would give Montpelier the power to take property taxes from 50 towns around the state. That’s today. Will they tax your town tomorrow? If you give property taxation power to Montpelier, you have no control over education spending. (“If you think,” 1995, p. 1)

At the bottom of the page, citizens were then directed to call their State senator or representative to express their opinion on the bill. According to one proximate observer, the Republican’s approach on the issue of property tax sharing resonated with Vermont’s conservatives: “I think that the Republicans were just so, not angry at the Democrats, but so unwilling to go very far because ‘you give them an inch, they’ll take a mile’ I think was the view” (Informant 17). Democrats responded angrily to the advertisements. Senate Minority Leader Peter Shumlin accused Snelling of using “...Newt Gingrich-type politics by preying on the people’s worst fears through distortion...” (Sneyd, 1995h, p. 18). However, Snelling countered that she was forced to resort to such tactics because her ideas for school finance reform had not been given fair treatment by the state’s news reporters and editorial writers (Sneyd, 1995h).

Snelling's second strategy involved reframing the issue of high property taxes in Vermont. In this line of thought, high property taxes were the result of overspending on education rather than the skewed distribution of valuable property throughout the state. Rather than raising general fund taxes and requiring property tax sharing, Snelling proposed that the state reduce overall education spending. To develop an alternate policy proposal for financing education supporting this solution, Snelling utilized her position as lieutenant governor to commission a Republican summer study committee. In keeping with Snelling's mandate to focus on "cost containment," the Republican study committee's *A Challenge To Change* report concludes that: "Given the level of high spending, and the fact that we cannot increase the state's share of education funding through new taxes, the educational system must be restructured to reduce spending and taxes" (Republican Committee, 1995, p. 17). The policy proposal recommended cutting costs through increased competition, reduced state mandates and increased student-to-teacher ratios. The report estimated that the state could save \$60 million by simply raising its student-to-teacher ratio to the national average (Republican Committee, 1995).

In formulating this solution, Republican legislators relied heavily on the work of Arthur Woolf, an economist who had conducted studies for both the Vermont Business Roundtable and the Associated Industries of Vermont indicating that Vermont's class size was too small. Republicans cited these business-funded analyses as the basis for their *Challenge to Change* recommendation to increase class size (Republican Committee, 1995). The report even included a statement from Woolf noting: "In my opinion, the single most important factor contributing to high education costs in Vermont is a low

student-to-teacher ratio found in Vermont. The Vermont student-to-teacher ratio is second lowest in the nation” (Republican Committee, 1995, p. 34).

Democrats derided the study commission’s recommendations as overly simplistic. For example, one informant reflecting upon the *Challenge to Change* report commented:

Barbara Snelling does a stupid study over the summer.... “Oh, we just have to raise the class size. Just get it up to the national average.” Of course now her sons had gone to [the private boarding school] Andover. (Informant 07)

Introduced as S. 322 during the 1996 legislative session, Snelling’s proposal was deemed “controversial” and “radical” in newspaper reports (Sneyd, 1996a). For example, a *Burlington Free Press* editorial referred to the bill as a “...flawed document that offered more cause for concern than reason for support” (“School Reform Carrots,” 1996, p. 4E). While Snelling’s measure did not gain traction in the Senate Education Committee, her message that property tax sharing was both dangerous and unnecessary resonated in the Senate sufficiently such that compromise within the Republican caucus proved elusive.

Business Organizations

The major business organizations returned for the 1995/96 biennium with largely the same resources and strategic plan they utilized during the 1993/94 biennium. They continued to rely on their sizable, well-organized membership and their firmly established lobbying presence in Montpelier to oppose the school funding reform packages proposed in the 1995 legislative session (Informant 11). They also continued to hone their message of fear by replacing dire warnings about the impact of high income taxes upon the state economy with dire warnings about the impact of high property taxes upon the state economy. Specifically, they cautioned that increased taxes resulting from property tax sharing schemes would be particularly detrimental to the drivers of

Vermont's economy located in the state's tourist centers. A KPMG Peat Marwick (1994) report, commissioned by leading business organizations such as the Vermont Chamber of Commerce, the Vermont Ski Areas Association and the Vermont Lodging and Restaurant Association at a cost of \$40,000, indicated that even the \$8 million in limited sharing outlined in Governor Dean's plan raises "...serious economic developmental issues relating to business investment in low tax recreational and resort towns" (p. 2).

Commenting on the report to the *Rutland Herald*, Chamber of Commerce Executive Director Christopher Barbieri remarked: "I think [the report] brings some credible factual information to an issue that was a highly emotional debate. It confirms a lot of what people assumed" (Sneyd, 1995 p. 5).

To disseminate this message to the wider public, business organizations frequently relied on their surrogates in the legislature to sound off against the various property tax sharing plans floating around the statehouse. For example, Republican Representative Frank Mazur from business heavy South Burlington commented in a *Burlington Free Press* reader's forum:

On the surface, the data and news reports show this proposal [H.351] to be a help in shifting property tax burdens more equitably around the state and provide property owner's relief of school taxes. After all, that is what the voters asked for last November. However, in my view, the General Assembly was not too sensitive to the fragile state of the Vermont economy when it passed a tax increase which includes a major statewide property tax.... I think this new plan will have a very negative impact on our economic development in Vermont by increasing property taxes on all business/commercial, some middle-income households and vacation properties in the state. (Mazur, 1995, p. 9A)

In another approach, the business community attempted to provide another explanation for the state's property tax problem. Relying on the research of economist Arthur Woolf, business organizations blamed overspending on education, rather than

uneven property taxes as the major culprit regarding Vermont's school funding woes. In a study conducted for Associated Industries of Vermont, Woolf found that state could save \$100 million if it brought its student-to-teacher ratio in line with the national average (Hoffman, 1995d). Testifying before the Senate Finance Committee, Woolf stated:

Any solution that addresses only inter-town spending differentials or the mix of state and local government education financing sources and not the overall cost issue will not be able to address the underlying structural problems of education finance. Without addressing cost issues, property tax levels will be a perennial problem in Vermont over the long term. (Hoffman, 1995d, p. 12)

As noted earlier, Woolf's proposed solution found a friendly reception among Republican senators and Lieutenant Governor Barbara Snelling who attempted to enact his suggestions in S.322 (1996).

Ski Areas/Gold Towns

In the 1995/96 biennium, gold towns and ski areas maintained the resources afforded to them as the state's engine of economic growth. However, for this biennium, gold town residents keyed in on the issue of fairness and played on the fears of economic catastrophe in opposing property tax sharing plans. For example, in a position paper on property tax reform and education financing, community leaders from the Town of Stowe (1995) asserted: "We reject the targeting of a new property tax on only a select group of towns and view such an approach as an inappropriate, radical departure from how current taxes are levied" (pp. 1-2). The document further noted that tax sharing measures would unfairly harm poor residents living in property-wealthy community by dramatically raising their property taxes. To this end, the paper remarked:

Towns do not pay taxes, people do. Modest and low income Vermonters, regardless of where they live, need relief from an onerous property tax. The property tax is income blind, based on the assessed value of the

property, not ability to pay.... To ask these individuals to pay higher property taxes while wealthy individuals living in so called “poor towns” pay less as some legislation proposes makes no sense. We reject the targeting of a new property tax on only a select group of towns and view such an approach as an inappropriate, radical departure from how current taxes are levied. (pp. 1-2)

The position paper went on to note that singling out certain communities for additional taxation was not only unfair but also potentially damaging to the state’s economy:

Targeting certain centers of economic activity with an extremely high new tax will lead to a choking of such activity threatening jobs and reducing the state general fund revenues generating capability of the center. (p. 2)

To demonstrate and dramatize their opposition, gold town residents held protests and urged collective action on the part of the 50 towns most likely to be affected by H.351. A newspaper reporter described one protest gathering in the town of Manchester attended by approximately 200 residents representing 36 gold towns in the following way: “...much of Saturday’s meeting was spent painting apocalyptic scenarios of life under statewide property tax reform and formulating strategies to fight it...” (Bandler, 1995, p. 7). According to the reporter, these residents promised to “bombard” legislators with telephone calls, letters and faxes and to “flood” newspapers with letters to the editors that expressed their opposition to property tax sharing measures. In a show of support, Lieutenant Governor Barbara Snelling attended the event and received heavy applause when she quipped: “I don’t know why they [property tax reform supporters] use the word sharing. I always thought sharing was voluntary” (Bandler, 1995, p. 7).

Vermont League of Cities and Towns

For the 1995/96 biennium, the Vermont League of Cities and Towns relied on similar resources and strategies as they had the previous biennium. First and foremost, they utilized their extensive membership to disseminate their “slippery slope” message

that once the state got its hands on property taxes there would be little left to fund local expenses. To that end, the organization outlined its position in newspaper commentary pieces written by League members such as Jeff Wennberg, the mayor of Rutland. In an editorial for the *Rutland Herald* critiquing H.351, Wennberg (1995) drove home the League's message regarding the need for more broad-based taxation to fund schools:

We will never solve the property tax problem by sending more money and more power to Montpelier. We can only solve this problem by forcing Montpelier to return money and power to the people. Real relief must go to both the taxpayers and the schools. And real reform must be financed by broad-based state revenues, not by an expansion of the same tax we seek to reduce. (p. 16)

Another VLCT supporter, Bob Messner (1995) from the town of Warren, reiterated Wennberg's sentiment in his commentary for the *Montpelier-Barre Times Argus* newspaper:

God only knows how quickly successive Legislatures will lose the commitment to use state property tax just for education or once established, will increase the take for other pet projects. Then most of the 80 percent of the towns who may now think H.351 is a good deal for them will have another thing coming. They better watch out! (n. p.)

As with the gold towns, VLCT focused on the issue of fairness with regard to the singling out of certain towns for additional taxation and even coined its own alternative school finance reform plan "The Fair Tax Plan." Their perceived alliance with gold towns on the issue of property tax sharing earned them the nickname of "the league of big cities and gold towns" among residents of property-poor towns (Informant 21). VLCT's Fair Tax plan sought to achieve 50 percent state funding by broadening and expanding sales taxes, implementing local option taxes and increasing state aid to needy taxpayers. One VLCT insider characterized the organization's approach to tax reform in the following way: "We would come up with proposals for, you know, expanding the sales tax,

increasing the sales tax, switching to a local income tax – anything but coming up with a statewide property tax” (Informant 09).

Finally, seeing the opportunity to forge an alliance between municipal governments and the business community in their joint opposition to a statewide property tax, the VLCT contributed funds to help defray the expenses associated with the KPMG study warning of the negative consequences of property tax sharing upon businesses in gold towns. In a “Dear Legislator” letter, the coalition warned that “[t]he hotel and lodging industry is especially sensitive to large increases in business property taxes due to imposition of a statewide property tax or a minimum school property tax” (Lake Champlain Regional Chamber of Commerce et al., business correspondence, January 11, 1995, p. 2).

While the VLCT allied itself with both gold towns and business organizations to defend against the enactment of a statewide property tax sharing mechanism, its leadership was frustrated by the lack of traction the League’s ideas received within the legislature. Remarking upon this frustration, one League member noted: “We started every session trying to be proactive and coming up with a proposal and every year we ended up being reactive and opposing a statewide property tax” (Informant 09). A proximate observer concurred with this statement and deemed VLCT Executive Director Steven Jeffrey “...probably the most frustrated person in Vermont...” because “year after year [the VLCT] would come back with big [school finance reform] proposals” to no avail (Informant 01). So while the League and its allies proved effective in blocking unwanted reform measures such as the statewide property tax, they were less able to

encourage the legislature to coalesce around their alternate ideas for reforming how schools were funded in Vermont.

Pro-School Finance Reform Advocates/American Civil Liberties Union

The entrance of the ACLU into the school funding debate infused the pro-school finance reform movement with a variety of valuable resources in that it: 1) provided a vehicle for a variety of highly localized and disparate pro-reform advocates to join forces; 2) lent credibility to pro-reform claims of systemic inequity; 3) raised the profile of the student equity aspect of the school funding issue; 4) provided dedicated legal expertise; and 5) brought in dollars through an alliance with the Vermont School Boards Association (VSBA). In discussing its willingness to provide financial assistance to the ACLU case, VSBA Executive Director John A. Nelson (1996) pointed to the success of other states in bringing about school finance reform through court mandate: “It is because of the experience of states like Kentucky that the board of directors of the Vermont School Boards Association decided in March to lend financial support to the school funding lawsuit in Vermont” (p. C3). According to one informant: “I was very glad to be on the board of the Association. We did take up a motion to provide some financial support. As far as I know, it’s the only outside financial support [Gensburg] received” (Informant 20).

In the wake of the Senate’s unwillingness to pass school finance reform legislation during the 1995 legislative session, the ACLU attorneys, led by Robert Gensburg, filed their lawsuit, known as *Brigham v. State of Vermont*, in March 1995 in Lamoille County Court. One informant described the ACLU’s decision to move forward with litigation in the following passage:

Sara withdrew her approval of what she had agreed to and what she had actually introduced as a sponsor and that's when – now we had already started working on it – we said, “That's it. Forget everything, we're going to sue.” (Informant 19)

A proximate observer supported this chain of events:

The next biennium, which would have started in '95 – would have been the 1995/96 biennium – that's what finally led to the lawsuit. I can't remember when the lawsuit was filed but I think it was after the '95 effort failed. (Informant 17)

In filing their lawsuit, the ACLU's main strategy entailed bypassing the legislature to obtain a ruling stating that Vermont's system of school finance was unconstitutional and in need of corrective action by the legislature. When designing its case, the ACLU plotted a comprehensive approach that included three different categories of plaintiffs, each category warranting its own equal protection claim: 1) students; 2) taxpayers; and 3) school districts. Lawyers purposefully selected plaintiffs based upon a variety of criteria that were designed to showcase how some school districts were forced to heavily tax their citizens but were still not able to obtain adequate funding for their schools due to an overreliance upon the local property tax to fund schools in Vermont. One informant described how the ACLU selected its lead student plaintiff:

One of the things that came out when we invited Bob [Gensburg] to talk to our school board members is that Whiting – the town of Whiting is a small dairy town – it fit the profile for the ideal plaintiff, which was a community that really wanted a good quality education but was being taxed exorbitantly to do it. We also wanted a student from that school district who was young. We did not want a case where the plaintiff, the lead plaintiff, would be mooted out because she graduated. (Informant 12)

Another informant described how his school district became involved in the ACLU lawsuit as a plaintiff:

I got a call from Bob Gensburg, cooperating attorney with the ACLU. I had no association with the ACLU at that point. Bob Gensburg said, “OK,

there's a team of us working with the ACLU putting together a lawsuit. We're looking for towns that might be plaintiffs. You seem to be a town that might fit the profile of having to have a high tax rate to raise a small amount of money." I said, "That's true." He said, "Do you think your [school] board will consider joining the lawsuit?" I said, "Yes. I'll ask them." We had a meeting coming up that week. It took our board literally five minutes to decide to sign on to the lawsuit. (Informant 20)

In short, the ACLU attorneys sought plaintiffs representing property-poor school districts that taxed themselves heavily to pay for their schools due to a lack of property wealth.

Of note is the fact that many of the lawsuit's plaintiffs had been working locally on the issue for years but had not previously worked together. One informant described how pro-reform advocates from disparate parts of the state came together to work on the Brigham case:

There was this handful of people scattered around the state and, of course, you get to know each other over time. You hear of each other whether you are on this side of the mountain or the other side of the mountain. Allen Gilbert was pushing from his area – he's in the Montpelier area – and Bob Gensburg's up in the Northeast Kingdom so they started nosing around... and then I got pulled into the thing and at a certain point we went plaintiff shopping. (Informant 12)

According to informants, Bob Gensburg started reaching out to these individuals to inquire as to whether they would be willing to join forces. Thus, the Brigham lawsuit provided an opportunity for these individuals to join forces in a concerted effort to help bring about reform.

In addition to taking education taxing and spending histories into consideration, ACLU attorneys also strategically selected plaintiffs representing a wide variety of counties so that they could select a favorable venue in which to file the suit.

We went shopping around to the different counties so that when the time came to bring a suit we could look and see what judges were sitting in the various county courts and select a judge who we thought was sympathetic. This really was an honest choice. We weren't looking so much for

sympathy for the cause as we were for legal scholarship and rigor.
(Informant 19)

One informant involved with the lawsuit noted that the strategy of seeking potentially friendly judges was particularly important because: "...litigation depends not only on having lawyers who can present good cases but on having judges who are willing to understand the law in a way that can make an important change" (Informant 20).

Eventually, ACLU attorneys decided to file the *Brigham* case in Lamoille County because of the presence of Judge John Meeker, whom ACLU attorneys believed would regard their taxpayer case favorably (Informant 19).

A final aspect of the ACLU attorney's strategy for victory entailed selecting the type of constitutional challenge they would bring against the state. Throughout the 1990s, many school finance plaintiffs had successfully litigated cases claiming that state contributions to education were inadequate to meet the needs of certain groups of students. However, the ACLU decided to limit its suit to an equal protection claim, an approach that had been popular during the 1970s. Two informants described how attorneys arrived at this key strategic decision:

The adequacy case, we just saw there was no end to it. There was just no end to it. It was partly selfish, the time constraints it was going to impose. It was also partly strategic. If the case was going to get complicated it was going to lose a lot of public appeal that we were trying to create for it. We wanted something clean and clearly understood by anybody that was willing to look at the data. It was largely a political question. What kind of a political impact was the lawsuit going to have? If you start getting bogged down in an adequacy argument it's going to lose some of its punch. When you have such dramatic data, just stick with the equity argument. (Informant 19)

I had a meeting with one of the lawyers and the question was, and I had actually studied the case law enough to know how these decisions had gone. He said, "There's two ways we could go with the lawsuit. We're trying to figure out which way to go.".... They said, "We could do equity

or we can do adequacy.” I knew what both of those meant and I said, “Look the problem with adequacy is funding.” The foundation plan was an adequacy plan. What happens with an adequacy plan is the legislature sets what is adequate based on the resources they have, not what the kids need. All the studies tell us we need \$14,000. The legislature says \$7,000, so we’re calling it adequate. So they declare adequate whatever they have and that’s a fundamental flaw with the system. So I said, “ It has to be an equity case if you really want change.” (Informant 03)

Vermont’s extreme taxing disparities, coupled with its perceived lack of success in implementing past adequacy-based school funding plans, led attorneys for the plaintiff to determine that an equity-based approach would be more likely to produce a favorable court decision.

Of note is the fact that the ACLU did not ally itself with the pro-school finance reform legislators in the General Assembly to create a concerted two-pronged approach. One ACLU-affiliated lawyer described how school finance reform advocates in the legislature were somewhat wary of the ACLU’s decision to file suit because it removed a weapon from their political arsenal:

So both Paul Cillo and John Freidin had been working [on this issue]. I remember them in 1994 with the statewide teacher’s contract proposal. They were trying to do all these things to ameliorate the problem. They kept threatening a lawsuit with the deepest belief that the lawsuit would be unsuccessful. They liked having it as a club and never wanted to actually use it when they were in political discussions with the governor and the senators and the people from the Republican Party. (Informant 19)

A key legislative insider did not acknowledge dismay at the *Brigham* filing but did admit to a widely held belief that such a suit was futile:

I wasn’t aware of what was going on [with the lawsuit], not in any real way. I may have heard that there was a lawsuit but the conventional wisdom had always been, you know, you’re not going to win this. (Informant 07)

By filing the lawsuit, many in the pro-reform camp signaled their lack of faith in the macro arena to affect the type of non-incremental change they desired. Disenchanted with the political gridlock they encountered in that venue, pro-reform advocates were willing to buck conventional wisdom and place their hopes for change in the judicial arena's ability to demand reform through a court mandate. An excerpt from Hirschman's (1970) classic political work, *Exit, Voice and Loyalty*, provides an explanation as to why the pro-reform coalition exited the macro arena for the judicial arena:

No matter how well a society's basic institutions are devised, failures of some actors to live up to the behavior which is expected of them are bound to occur... Each society learns to live with a certain amount of such dysfunctional or misbehavior; but lest the misbehavior feed on itself and lead to general decay, society must be able to marshal from within itself forces which will make as many of the faltering actors as possible revert to the behavior required for its proper functioning. (p. 1)

In terms of political theory, these reformers can be seen as exercising their right to exit the macro arena for the judicial arena in the hopes that it could compel legislative reform.

Macro Arena 1995/96 Biennium: Concluding Interactions and Outcomes

The 1995/96 biennium came to a close with the House and the Senate unable to reconcile their two very different school funding bills. While the House had passed what they believed to be a conciliatory measure in H.351, the Senate responded with a bill that focused on providing modest property tax relief without any significant alteration to the established processes for the collection and distribution of state aid to education. Despite the formation of a Conference Committee, the two sides never reached agreement on a compromise package and eventually stopped meeting all together. One House leader recollected the failed Conference Committee as follows: "Because it was a House bill, the Senate was chair of the overall conference committee. They just stopped calling

meetings. [It] just went away, dissolved” (Informant 03). Another House member remembered: “It was a very frustrating Conference Committee because it was clear that the Senate and the House were not going to get any place where they could agree” (Informant 13).

Once again, for the second biennium in a row, the issue of how to reform the manner in which Vermonters paid for public education could not be resolved in the Legislature. Division within the Senate, fierce opposition from powerful interest groups and a governor who largely “sat on the sideline” (Informant 02) throughout the course of the biennium made the passage of even the more moderate H.351 impossible. Storied Vermont political reporter, Peter Freyne (1996), summed up that biennium’s legislative actions in the following way:

...the Vermont Senate, with its 18-12 Republican majority, has been in the eyes of pro-business interests, the defender of the faith....With Lieutenant Governor Barbara Snelling presiding and Rutland State Senator Tom Macauley chairing the Appropriations Committee, every liberal/progressive scheme cooked up by the Democrats, who rule the roost in the House, has been checkmated. (p. 7)

Mazzoni (1991) notes that the possibility of non-incremental policy change in the macro arena “[h]inges primarily on the relative power and leadership of the competing coalitions and on the responsiveness of institutional arrangements to the mass-based demands that these coalitions can generate” (pp. 117-18). What started as Ralph Wright’s provocative assault on the school funding status quo quickly energized a counter mobilization among powerful groups who stood to lose financially if such a plan was enacted. Over a four-year period, this policy dispute blossomed into a high profile ideological battle between opposing political factions pitting pro-reform groups represented largely by House Democrats against business groups, gold towns, ski areas,

and municipal governments represented by Senate Republicans. However, because each opposing coalition controlled a legislative chamber, their respective resources were effectively “checkmated.” Neither side could claim victory. Governor Dean’s refusal to exert forceful advocacy one way or the other on the matter of school finance reform exacerbated the “inflexible and protracted issue conflict” that so often can be the hallmark of politics in the macro arena (Mazzoni, 1991, p. 130).

Despite the inability of actors to make headway in the macro arena, the issue remained stubbornly persistent. By the close of the 1995 legislative session, a Becker Institute survey found that 53 percent of Vermonters considered high local property taxes a “very serious” problem; that percentage represented an increase of 14 points from the previous year (Becker Institute, 1995a). In the wake of the second successive biennium where the Republican-led Senate proved incapable of passing reform legislation, study informants indicated that leaders in the Democratic Party pursued a strategy of electoral change by seeking to blame Republicans for their intransigence on the issue. A House Democratic legislator described his party’s approach:

You know, we were going nowhere [with the Conference Committee] but it was at the end of the [legislative] session so all that we really wanted to do was set the stage for the election. So, you know, [Majority Leader] Paul Cillo makes it his goal that we’re going to make it clear that the issue is the Democrats want to do something and here’s what it is and it leads to equality and the Republicans don’t want to do nothing. (Informant 07)

This strategy began to pay off as the mainstream press picked up on the “blame the Republicans” message. For example, a March 1996 editorial from the *Burlington Free Press* referred to the Republican-controlled Senate as “the bone yard of tax reform legislation” (“Tax Reform Breakthrough,” 1996, p. 2C). In interviews, one legislator

recounted the media's increased willingness to place blame upon Republicans for the school finance reform stalemate as the 1995/96 biennium came to a close:

[Republicans] did not get blamed for killing the bill in 1994. It was seen as a draw. In 1996, the Republicans got blamed. The mainstream press was writing about this. *Vermont This Week* and everybody was saying, "You know, Republicans, this is the second time they did it." The message was good for us so our goal was for the Democrats to take back the Senate. (Informant 03)

Indeed, primary and secondary source data indicate that the legislature's inability to come to grips with a plan for enacting property tax reform propelled the issue into the November 1996 election with Democrats promising fast action on the issue if voters returned a Democratic majority to the Senate. News reports from that time period highlight Democrats' efforts to run on the property tax reform issue during the 1996 election season:

Democrats hammered away at the GOP primarily on the issue of property tax reform. They accused Republicans, especially those in the Senate, of blocking every attempt to reform the way Vermont pays for education and they asked voters to elect Democrats who would settle the issue. (Marro, 1996b, p. 7)

Democrats campaigning for the Senate this fall promised that they would act on property tax reform, and Dean frequently asked voters to give him a Democratic majority in the Senate. (Hoffman, 1996a, p. 14)

According to one senator: "...for the first time in Democratic history in the Senate we made a concerted effort to raise money, recruit candidates to win an election to get out of the minority" (Informant 14). These Democratic efforts succeeded. They captured a slim 17-13 majority in the Senate for the 1997/98 biennium and toppled Senate Pro Tempore Stephen Webster in the process.

School finance reform also became a key issue in the lieutenant governor's race where Democratic candidate Douglas Racine made the issue the centerpiece of his

campaign. As they had with the Senate elections, political reporters described the race as a: "...referendum on property tax reform..." with Racine running on the promise of redistributing "revenues from low tax towns to towns with higher tax burdens" as a means to "make Vermont's education system better" (Marro, 1996b, pp. 1, 7). A proximate observer described a pivotal moment in the campaign that highlighted the importance of property tax reform not only to the candidates but also to the electorate at large:

I just remember this really key press conference that John Carroll had. John Carroll had called a press conference to rail against something that Racine had said about property taxes and I remember [the reporters] couldn't quite tell what the heck he was trying to get at. I don't remember who asked, "Well, do you really think there's a problem with property taxes? Do we need property tax reform?" but, ultimately, [Carroll's] response was, "No, not really." It's what lost him the race. He could have beaten Racine, I think, but that's what lost it for him right there. (Informant 17)

Racine went on to defeat Carroll in the November election by a two-to-one margin. In his victory night speech, Racine boldly guaranteed: "We are going to deliver property tax reform in the next legislative session" (Marro, 1996b, pp. 1, 7).

In the Gubernatorial election, Howard Dean claimed an easy 70-point victory against his Republican opponent, John Gropper. A *Rutland Herald* editorial credited Dean's lopsided victory to his "command of the political center" ("In Vermont," 1996, p. 14). Lacking meaningful competition, Dean lent some of his political capital to Racine and campaigned on his behalf. Regarding Dean's efforts to assist Racine's campaign, Nick Marro of the *Rutland Herald* wrote: "...this year Dean made it clear early and often that he preferred Racine to Carroll, telling Vermonters he needed Racine elected lieutenant governor in order to pass property tax reform" (Marro, 1996b, p. 7).

Racine's victory in the lieutenant governor's race, coupled with the Democratic gains in the Senate, meant that Democrats entered the 1997/98 biennium controlling every elected leadership position in the Vermont state government. This sizable positional authority virtually guaranteed some form of movement on the school finance issue if party leaders could agree on a plan. Study informants, both proponents and opponents, recalled a sense that the 1996 elections provided a "window of opportunity"⁴¹ for the passage of a school finance reform bill:

So the Senate became Democratic and at that point you knew something was going to happen. (Informant 21)

Even we know there is going to be a statewide property tax in the 1997 session that would become law because of the loss of the Senate by the Republicans. It was more than an inkling. We were convinced that we were going to have a statewide property tax by the end of the 1997 session. All the Democrats had run on property tax reform platforms. There was no obstacle to it being adopted so we were pretty sure that it was going to end up that way. (Informant 09)

That election year, the Democrats took over both houses and many people said that was a mandate to do something about education funding and they were talking to me about what my ideas might be, what they could do since they had control of both houses. (Informant 16)

As a means to achieve their majority status, Democratic leaders had successfully framed the legislative gridlock on the school finance issue as a problem of Republican intransigence. In doing so, they positioned Republicans in the Senate and their allies in the business community and gold towns as the principal roadblocks to reform. With the Republicans now reduced to the minority party, Vermonters of all stripes viewed school finance reform as a likely outcome of the 1997/98 biennium. In Mazzoni's terms, Democratic efforts at electoral change can be viewed as an attempt to shift the issue out

⁴¹ Kingdon, 1995.

of the macro arena and into the leadership arena where all of the state's top Democratic leaders were on the record as being in favor of enacting some form of school finance reform, ranging from Governor Howard Dean's modest property tax sharing proposals to the Democratic House Leadership's sweeping overhauls of the state's system of school finance.

Leadership Arena

Mazzoni (1991) remarks that “[t]he leadership arena consists of the policy-oriented interactions that occur among top-level government officials and between these officials and the private groups or individuals – if any – who control them” (p. 125). Within the leadership arena, the state's top leaders engage in elite bargaining to develop policy proposals. In engaging in the bargaining process, these elites rely on both their positional and personal resources to obtain favorable policy outcomes.

According to primary and secondary source data, top Democratic leaders viewed their party's sweep of the 1996 elections as a mandate for passing a school finance reform package. Having run on the issue and won, they perceived that they were now under pressure to enact a reform measure during the 1997/98 legislative biennium. This sense of urgency was evident in both informant statements and documents dating from that period. For example, an article in the *Burlington Free Press* noted: “Now that they've won control of both chambers, Democrats know voters will identify them with the success – or failure – of tax reform. When the 1997 session begins Wednesday, the pressure is on” (Good, 1997a, p. back page). A letter from Co-House Majority Leaders Paul Cillo and Sally Fox to Speaker of the House Michael Obuchowski regarding their plans for the 1997/98 biennium acknowledges this sentiment:

On November 5th voters not only returned us to power in the House, but they gave the Senate and the lieutenant governor's office to Democrats as well. We have the opportunity and the responsibility to address the issues that are important to Vermonters this session – first and foremost is property tax reform. (P. Cillo & S. Fox, personal communication, November 16, 1996, p.1)

In interviews, a Democratic senator recalled feeling a similar sense of responsibility:

“Once we'd gotten on them [Republicans] for not being sensitive, I felt that we better darn well do something about the property tax burden now we're in power.” (Informant 10)

The urgency to pass reform legislation expressed by Democratic leaders, coupled with their newfound positional power, placed the issue squarely in the leadership arena. Given the nature of the issue at hand, key actors in the leadership arena included Governor Howard Dean, Speaker of the House Michael Obuchowski, House Majority Leaders Paul Cillo and Sally Fox, Senate Pro Tempore Peter Shumlin and the chairs of the two legislative tax-writing committees, Oreste Valsangiacomo and John Freidin from the House Ways and Means Committee and Cheryl Rivers from the Senate Finance Committee. By and large, these actors were veterans of previous finance reform battles in past legislative biennia. However, with political power now consolidated in the hands of the Democratic Party, leaders traded the ideological confrontation and gridlock of the macro arena in favor of the elite bargaining that Mazzoni (1991) considers prevalent in the leadership arena.

The following discussion of policymaking in the leadership arena is divided into two sections. The first section describes the actors, goals, motives, resources, strategies and interactions at play in the leadership arena prior to the Supreme Court's decision in the *Brigham v. State* case. The second section describes the changing political landscape

of the leadership arena brought about by *Brigham* and reveals the ruling's sizable impact upon the actors, their motives and goals, and their resources and strategies utilized to achieve favorable policy outcomes. In chronicling this course of events, this section will describe how *Brigham* upended the balance of political power in the leadership arena and reoriented the locus of power from the governor to the House of Representatives.

Leadership Arena Pre-*Brigham*: Actors, Goals and Motives

This section outlines those actors participating in the leadership arena in the period of the 1997/98 legislative biennium prior to the *Brigham* decision. It also reviews these actors' motivations for participating in the leadership arena along with the policy goals they wished to achieve through their involvement. Consistent with Mazzoni's (1991) expectations for the leadership arena, the issue of school finance reform was the subject of elite bargaining by some of Vermont's most powerful state political leaders.

Governor Howard Dean

By the fall of 1996, polling data suggested that the Democrats would take control of the Senate for the 1997/98 legislative session. Like other Democrats that electoral season, Howard Dean also campaigned on the issue of property tax reform (Hoffman, 1996a; Marro, 1996b). Although interview data clearly indicate that the issue was not high on his personal political agenda, running on this issue could be considered good politics given its perceived importance to voters in the 1996 elections. Primary and secondary source data reveal that Governor Howard Dean, optimistic about the Democrats' chance of taking control of the Senate, began to engage legislative leaders on the issue in an effort to develop a single party-backed school finance reform bill:

So in late October it was clear to the governor and Senate leadership that they were going to pick up seats. And so we started having these meetings with the leadership of the Senate.... “OK, it looks like we’re going to have a Democratic House, Democratic Senate and Democratic governor. What do we do now folks?” This is where the governor started talking about what he wanted... (Informant 03)

We would have meetings. We would go to the health department, this windowless cement building in Burlington, literally windowless conference room, lights, pizza boxes. We’re there with the governor; he’s in the room for six hours, fall and into January. (Informant 03)

There were meetings going on with the governor’s office before the session started. I wasn’t included in any of it. Mouse meetings. I think I remembered describing it as mouse meetings – nothing much. (Informant 10)

I remember meeting in the governor’s conference room and it was when Doug [Racine] and Peter [Shumlin] and Paul [Cillo] and I forget who else... The big tables all filled and the governor is at the head of it and just a real sense of we’re going to make it work, it’s going to happen. It was real exciting. (Informant 06)

According to an administration informant, the governor sought to garner support for a “moderate, small sharing plan” similar to H.74, the reform package he had introduced during the 1995/96 legislative biennium (Informant 15). Interview informants similarly described Dean’s plan as a modest effort:

He came out with a proposal earlier that year that was a minimal kind of thing. (Informant 09)

I think Howard’s proposal that year before the Supreme Court ruled; it’s not like profit sharing but there was going to be some money taken from like a dozen of the gold towns. It would have added up to just, you know, a handful of millions. (Informant 01)

Governor Dean, described by one business industry insider as “a good friend of the business community,” sought this moderate course so as to not unduly harm the state’s economic interests (Informant 11). According to an article in the *Burlington Free Press*, Dean explained that his overriding concern for the state’s fiscal health impacted his

stance on school finance: “Jobs are still the number one priority for most Vermonters. So anything that raises taxes on the business community is probably not going to help Vermont in the long run” (Good, 1997c, p. 4A). This perspective also framed Dean’s longstanding opposition to the implementation of an income tax to fund state aid to education, a concept strongly supported by House Democrats. A member of the Dean administration explained the governor’s antipathy to raising the income tax to fund schools:

He knows at that time that even at the 24 percent rate that we had gotten to, Vermont was still a very high income tax state. We’ve always been a very progressive income tax state and there is this myth out there in Vermont... that you can just somehow put this burden onto the income tax.... So here we are in 1997... there are 12,359 returns for people paying over \$100,000... so they are 4.54 percent of all returns contributing 42.8 percent of the income tax.... So Howard Dean knew this.... Intellectually, he saw the picture that you can’t cost shift [school funding] onto a small state. There were 12,000 [wealthy] people in the state of Vermont and you’re going to ask them to pick up the hundreds of millions of dollars of costs for education? (Informant 11)

Taking Dean’s policy parameters into account (i.e. modest efforts to promote taxpayer equity without unduly burdening the business community or wealthy individuals with high property or income taxes), an outline of the Democratic leadership’s plan began to take shape by early January. In a presentation before the House Ways and Means Committee, Tax Commissioner Tom Pelham outlined the details of the governor’s proposal which included: 1) a property tax cut targeted at people whose incomes lag behind their property tax bills; 2) general fund tax increases to compensate for property tax cuts; 3) limited property tax sharing by property-wealthy communities through the establishment of a minimum local property tax; 4) strategies for slowing the growth of education budgets; and 4) a revamping of the current use program. To fund the measure,

Dean proposed \$61 million in new taxes, including \$41 million from an increase to the gas tax and the expanded levying of sales tax and \$8 million in property tax sharing (Joint Fiscal Committee, 1997). According to news reports, Dean's primary objectives for his plan were to reduce property taxes, to avoid raising the income tax and to control the costs of education. "If we can do those three things, we have a plan" he said (Derby, 1997, p. 6).

Senate Leadership

The Senate returned for the 1997/98 biennium with an entirely new leadership team thanks to that chamber's change in party control. The former Senate Minority Leader, Peter Shumlin, ascended to the position of Senate Pro Tempore. Having served as a member of the Senate Finance Committee in past legislative biennia, Shumlin, described by a colleague as "a pretty savvy politician" (Informant 07), was well versed in the school finance issue and eager to pass reform legislation (Marro, 1996a). Another key player in the Senate was Cheryl Rivers, Chair of the Finance Committee. Rivers, described as a "rock-ribbed working class Democratic liberal" (Informant 20) with a reputation for bluntness (Informant 08), had also served on the Senate Finance Committee in recent biennia and was similarly motivated to enact school finance reform (Informants 10, 14).

In early public statements on the issue, President Pro Tempore Shumlin appeared to align himself with Dean's modest, anti-income tax approach to school finance legislation. In a statement to the *Rutland Herald*, Shumlin remarked: "My own feeling is that we can do this without raising income taxes" (Hoffman, 1996a, p. 14). A legislative informant confirmed Shumlin and Dean's likeminded stance: "The alliance was that

Howard [Dean] and [Peter Shumlin] were in sync and the House was disappointed when they weren't going to do income tax" (Informant 14). Even the Senate's more liberal members disliked the income tax approach. As one informant commented: "I don't agree that it's the best way to fund education in this state because we have too many second homeowners." (Informant 10)

Indeed, in interviews House Democrats expressed disappointment that the opportunity provided by the 1996 election might realize only relatively minor changes to the way school aid was raised and distributed to schools thanks to the modest goals embraced by Governor Dean and Senate Pro Tempore Shumlin (Informants 07, 21, 03).

Two House members articulated this sentiment as follows:

Now we've got a little wind in our sails but not a lot. We do have a Democratic Senate but the Senate and the House are different.... So anyway, we're not getting any signs out of the Senate that they're with us and we're sure not getting any encouragement from the governor. (Informant 07)

I just had this sense of "What will the Senate enable us to do?" and "We really need to push this in the House." (Informant 21)

Similarly, a senator reflecting upon this time period agreed that significant change to the school funding system was not a likely outcome in the Senate during the early weeks of the 1997 legislative session: "...I can tell you right now, you know, Howard Dean and the Senate Democrats weren't going to do anything." (Informant 10). One informant summed up the legislative environment at the onset of the 1997/98 biennium when he noted: "Incremental approaches were still on the table..." (Informant 16).

House Leadership

Following the November 1996 elections, the House leadership team returned intact for the 1997/98 biennium. Unlike Dean, who was personally ambivalent about the

property tax and school funding issue, the House leadership sought to pass a piece of school finance reform legislation that session. To this end, the House took the step of putting other legislative priorities on hold in favor of the school finance issue. In the *Burlington Free Press*, House Speaker Obuchowski announced: “We’re going to ask the Ways and Means Committee to clear the decks and work just on that issue. It’s our hope that at this point that property tax reform will be fully debated and passed by the House by Town Meeting Day.⁴² That’s an aggressive agenda” (Sneyd, 1997a, p. 3B).

As noted earlier, pro-reform advocates in the legislature believed that this legislative session was their best chance in several years to see the passage of a school finance reform measure in the General Assembly. However, Dean’s moderate, business friendly plan was proving to be seriously at odds with the more ambitious goals of House Democrats. Despite Dean’s stated opposition to the income tax approach, House leaders, including Speaker Obuchowski and Majority Leaders Sally Fox and Paul Cillo, maintained publicly that such an approach was still “on the table for consideration” (Hoffman, 1996a). These leaders favored the use of the income tax because they believed its progressivity promoted greater “vertical equity,” one of their five longstanding goals for school finance legislation (Ways and Means Committee, 1997a).

According to study informants, many House members, including the rank and file, also remained committed to an income-based approach to school funding (Informants 21, 07, 03). One informant recounted a Ways and Means Committee discussion on the use of the income tax in the early weeks of the 1997 legislative session:

⁴² Town Meeting Day is the second Tuesday in March. It is a day when school budgets for the upcoming year are traditionally voted upon.

It was our committee. We were in Room 11 and it was open to any legislator. I remember a former legislator from Charlotte... standing up and saying, "We've passed the right thing already. You just need to pull it out and do it again." That had been the plan from 1994, which was an income-based plan. And then not long after him, a Republican from the Wakefield district got up. [Wakefield] is a resort community. It's a ski town. He got up and said, "I don't really like any of these options but if we have to go through this, it needs to be income-based." His point was he represented a property wealthy town and if we were going to require that property wealth to be "shared," he was concerned about low-income residents and that property value is not a measurement of wealth. (Informant 21)

However, despite this desire for an income-based approach, Dean's decision to engage the Legislature in direct policy discussions forced House members to temper their goals for the 1997 session. One House member described the pressure he was under from his leadership to create a bill that acceded to the governor's policy parameters:

...after the elections, we're still at \$10 million max [in property tax sharing]. So [Speaker of the House] Obie says, "Can you work with this?" I said, "Oh my God, this is so bad. I mean this is the worst." It was bad enough we had to pass H.351 but this was really getting bad. (Informant 03)

As a result of Dean's intervention, the House's pro-reform contingent faced two unappealing options: 1) stand their ground on their policy preferences and potentially wind up without a reform measure passing; or 2) acquiesce to Dean's policy conditions and get far less than they had originally hoped. House Co-Majority Leader Sally Fox spoke of this political consideration to the *Burlington Free Press*: "The governor has said publicly that he's going to veto any bill that's got an income tax increase. We've got to be cognizant of that" (Good, 1997d, p. 4A). According to study informants, the House selected the second option and by early February had reluctantly agreed to back Dean's plan:

[The governor] wanted like \$10 million it. It was tiny and I was doing everything I could to contain myself because it's the governor.... So we had this anemic plan that we came up with. It was some anemic thing that we were going to pass..." (Informant 03)

So we go into 1997 with an anorexic bill because there is just no support for a H.541 [measure]... (Informant 07)

When asked by a news reporter why his caucus did not press Governor Dean harder on the income tax issue in their negotiations, Speaker of the House Obuchowski acknowledged the political reality that the House was not in a position to dictate the terms of the agreement: "We needed the governor to sign the bill. We had to get what we could get" (Good, 1997e, p. 1E).

Leadership Arena Pre-Brigham: Actors' Resources and Strategies

This section describes the resources and strategies utilized by those actors participating in the leadership arena. In the leadership arena, participants relied on resources and strategies derived from political skill as well as positional authority to influence the policymaking process

Governor Howard Dean

Governor Dean emerged from the 1996 election possessing multiple potent policymaking resources derived not only from his position as the state's top elected official but also from his resounding electoral victory. In terms of institutional authority, Dean's position as governor allowed him to set the party's political agenda, afforded him an opportunity to frame the issue as he saw fit, compelled deference among top Democratic legislative leaders, and provided the power to check any radical plans that might emanate from the more liberal House through the use of a gubernatorial veto. Dean's strong showing in the 1996 election also signaled his enormous personal

popularity and, by extension, the popularity of the moderate, business-oriented policies he advocated.

To further his goal of enacting modest property tax reform during the 1997 legislative session, Dean embarked on a strategy of legislative engagement. As noted earlier, beginning in the fall of 1996 Dean worked cooperatively with Democratic leaders in the House and Senate to craft a joint school funding measure. The *Burlington Free Press* lauded Dean's newfound engagement on the issue:

Before a single committee has voted on property tax reform, this year's work on the issue has already surpassed prior efforts: For the first time, Gov. Howard Dean has joined the fight. Dean's proposal offers a firm foundation, too. The plan can be improved – indeed, it must be – but the odds of reform actually occurring soar when the state's chief executive comes in off the sidelines. (“Dean's Interest Marks,” 1997, p. 4E)

However the *Free Press* also warned that Dean must not give up on the issue, like they believed he had in past legislative sessions:

His job will be to guard against misguided proposals such as a raid on the income tax. In the past, he has dropped reform efforts at the first sign of serious controversy; this year he must see the battle to the end. (“Governor Dean Has,” 1997, p. 6A)

Dean's early engagement signaled a newfound willingness to deploy resources in favor of his desired vision for property tax reform and worked to his favor in multiple ways.

First, his positional authority gave him a natural edge at the negotiating table. This advantage, coupled with Democratic legislators' need to deliver a school finance reform bill, strengthened his hand in securing the modest reforms he sought. As Speaker of the House Michael Obuchowski noted in the *Burlington Free Press*: “The public is not going to tolerate failure” (Good, 1997b, p. 1). Thus, if legislators refused to negotiate a

mutually agreeable solution, they faced the unappealing possibility of returning to their districts empty handed thanks to a gubernatorial veto.

Second, by getting a head start on the issue, Dean appeared to be responding proactively to voter concerns. As noted earlier, a full 53 percent of Vermonters believed high property taxes to be a very serious problem (Becker Institute, 1995). Had Dean held back and waited for the House Ways and Means Committee to devise its own plan, he might very well have been forced into the defensive position of vetoing a measure the public wanted. His proactive stance allowed him to shape the contours of the bill while at the same time receiving political credit for doing so.

Dean knew that the public wanted school finance reform. However, he also knew that the business community largely opposed the tax increases and tax sharing measures that such reforms contained. In fact, the business community had publicly opposed even the modest property tax sharing proposed in Dean's last foray into school finance legislation – H.74 (KPMG Peat Marwick, 1994). To clear the way for their support of his 1997 property tax reform effort, Dean engaged in strategic dealmaking with the business community. A report by the lobbying firm Keller and Fuller (1998) detailed how this agreement came about:

In the spring of 1996, Howard Dean and Peter Shumlin were quietly canvassing Vermont's movers and shakers with a strong message. For yet another biennium, the GOP majority in the Senate had stonewalled on meaningful property tax reform, and so the governor and then Minority Leader Shumlin developed what they thought would be a winning strategy to put in place the kind of legislature that would finally end the reform deadlock. Their message was simple, seductive, and ultimately successful: "Help us elect moderate Democrats, especially to the Senate, and we will deliver a property tax reform package that will not economically disrupt the state while reigning in the liberal excesses of our party." (p. 1)

...a clear but unspoken agreement between business leaders and Democratic moderates, including Dean, that business would downplay its historic opposition to even a moderate tax sharing plan in exchange for strong support by Dean and Shumlin on [electrical] restructuring. (p. 2)

While informants did not directly reference this quid pro quo with the business community sufficient evidence can be pieced together to support the claims made by Keller and Fuller. First, one informant did reference a Dean/Shumlin alliance on school finance reform (Informant 14). Second, archival evidence in the House leadership's files indicate huge public interest in the electrical utility restructuring issue, such that it seems credible that it could have been used as a political bargaining chip. Finally, a tidbit buried in the House Ways and Means Committee meeting minutes offered support to Keller and Fuller's claims. When asked to provide her opinion of the governor's plan, Ann Lindburg of the Vermont Retail Association, indicated she had "no opinion on the governor's proposal" (Ways and Means Committee, 1997b). This position differed from 1995, when the overwhelming majority of the business industry opposed the governor's H.74.

Senate Leadership

As the 1997 legislative session got underway, Senate Democrats were anxious to shed their chamber's reputation as the "bone yard of property tax reform" by passing a piece of school finance reform legislation (Informants 10, 14). To further this end, they utilized the authority provided by their majority status to appoint reform-friendly members to the Senate Finance Committee. According to one senator, the issue of school funding figured so prominently on the Senate leadership's political agenda that they "...built a finance committee primarily based upon getting property tax reform done" (Informant 14). This senator recollected that Senate leaders specifically selected Cheryl Rivers to serve as committee chair because she was "committed to equity" (Informant

14). The senator further recollected that leaders sought to facilitate the passage of a reform measure by placing moderate Republicans such as Jim Greenwood on the committee. Described as “a gentleman” (Informant 15), Democrats thought of him as a potential ally “...because he came from a property poor community” (Informant 04).

In an “unusual” move, Shumlin also placed himself on the Senate Finance Committee (Informant 14). The appointment of the chamber’s highest-ranking senator to the committee signaled the leadership’s interest in controlling and managing any school finance bill that might emerge. According to another informant, it also signaled the Senate leadership’s wariness of the notoriously liberal Cheryl Rivers (Informant 10). In this senator’s opinion, Shumlin placed himself on the committee “to keep an eye on” Rivers for the business community, which had expressed reservations about her appointment to Senate Finance in a legislative session that was sure to see action on the school funding issue (Informant 10; Allen, 1997)

In terms of strategy, Senate leaders, led by Shumlin, aligned themselves with Governor Dean in terms of favoring moderate reform measures and opposing an income-based approach to paying for school aid (Informant 14; Keller & Fuller, 1998). This stance was probably born of practicality as much as political strategy given the geographic composition of senatorial districts. Because senators represent significantly larger geographical areas than House members, almost every senator has gold town residents as constituents. As a result, the presence of both property-poor and property-wealthy school districts had a moderating effect on Senate plans for school finance reform that emphasized minimal financial harm to any one constituency. Two informants highlighted the moderating forces at work in the Senate:

Because even though the Senate had gone Democratic, a fair number of those senators were from districts... you know, Senate districts are big. Chittenden county senators were representing Essex too. Lamoille County has Stowe in it. Bennington has Manchester. Almost all of them other than Franklin County and Addison County have those very loud and powerful [gold town] constituencies. (Informant 21)

If you're representing [just] Stowe, you're fighting like mad or you won't be back next January. If you're representing Killington, you're fighting mad. So in the House it's much clearer what side you're on. In the Senate, it's not. (Informant 01)

Whether born of practicality or political strategy, the Senate's philosophical alignment with Dean heightened the likelihood that a modest school funding package would pass in the 1997 legislative session.

House Leadership

In public statements, the House leadership expressed pleasure that Governor Dean had decided to engage legislators in the process of school finance policymaking. For example, House Speaker Obuchowski commented to the *Burlington Free Press*: "The excitement is we've got a willing player in the governor and a willing player in the Senate. And that's important, because a lot of times, we've felt like we were out there alone" (Good, 1997d, p. 1A). However, an engaged Dean actually curtailed the free hand House Democrats had previously enjoyed in developing and promoting their own school aid proposals. With Dean exerting political pressure to write a joint bill, the House was compelled to participate in a process governed by Dean's more modest policy objectives, namely the reduction of property taxes through a minimal tax sharing mechanism. While taxpayer relief was one of the House leadership's five goals, they also considered student funding equity a major issue they wanted to address through legislation (Informant 07). Lacking sufficient resources to overrule Dean's plan, House leaders' main strategy

entailed pushing back on it as wholly insufficient to alleviate Vermonters' heavy property tax burden:

[Dean] would put out these proposals and then we'd run into some brick wall because [the funding amount] was so little the property tax rates weren't going down. There was no relief. I'd say, "You're not going to get any relief if all you're doing is transferring \$10 million and don't want to raise other general fund taxes. There's no magic here. The money's got to come from somewhere." They didn't want to raise general fund taxes in general and he didn't want to raise the statewide property tax. OK, we're just chugging along. It's like we did all this work to get *here*? (Informant 03)

These efforts at persuasion failed to change Dean's mind on the matter and by early February the House Ways and Means Committee was poised to pass out a plan to provide moderate property tax relief to Vermont taxpayers. One House member recalled activities in the Ways and Means Committee in the period leading up the *Brigham* decision:

So I got this call from Bob [Gensburg]. Bob says, "I don't know what the Supreme Court is going to say but I think we're going to win this case. Well, we were within days of voting this anorexic bill out of committee so I put on the brakes and we put the bill aside and waited and did some other work. (Informant 07)

Leadership Arena
The Supreme Court Rules in *Brigham v. State*

Bob Gensburg's comments proved prescient. Just a few days following this telephone conversation, the Supreme Court weighed in on the matter with its verdict in the *Brigham v. State* case. Their unanimous ruling declared the state's system of school finance to be unconstitutional and charged the legislature with rewriting the state's school aid legislation. The court's ruling made it clear that school funding could no longer be a function of district wealth.

In terms of public response, the ruling took Vermonters by surprise. One informant expressed his shock at the court decision: "...the Supreme Court surprised us

all. Nobody thought that case was going to win and so we are all going “What?!”

(Informant 16). Informants characterized pro-reform reactions in the following ways:

When it was decided, it was one of those moments that means so much to you, you still remember where you were and what you were doing at the time of the day. I remember going to the Statehouse the next day with Bob Gensburg and everybody being perfectly excited because it was the first time the legislature had been told, “You have to do this.” (Informant 20)

The Supreme Court came out with its decision and everybody said, “This is amazing. This is great.” Everyone cheered. I remember when Bob [Gensburg] first came in the Statehouse. I don’t know if it was the next day, the next week or something. The Democratic caucus gave him a standing ovation. Everywhere you went people tried to touch him like he was a rock star. He was the hero. He was on every talk show. (Informant 01)

It was great, like now we have to do something. I remember Bob Gensburg speaking in the Legislature and just this amazing sense of it’s going to happen. We have to do it. (Informant 06)

Those who had opposed the type of tax sharing plans advocated by policy

Representatives Paul Cillo and John Freidin over the last several years reported being resigned to the fact that change would be forthcoming. Informants described reform opponent reaction in the following ways:

My opinion was the Supreme Court decision on Brigham was a message that something has to change here. (Informant 02)

So Brigham comes up. We say: “We’re putting everything on the table. We’re willing to talk.” Nobody wanted to talk. I don’t blame them. Then [the House] started cooking up the plans. (Informant 09)

...it’s a Supreme Court decision. You’re not going to negotiate with this. It’s not going to go away and something is going to be done this session. (Informant 15)

Vermonters from across the political spectrum widely interpreted the ruling as advocating some form of state-level tax sharing. For example, one Democratic senator commented:

When the court ruling came down, I had watched it for years. So even though [school finance reform] wasn't my thing, I knew quite a lot about the politics and I knew that the statewide property tax was it. (Informant 10)

Richard Mallary, a respected former U.S. Representative who also served as Secretary of Administration to two former Republican governors weighed in with a similar opinion:

There is no question in my mind that the practical effect of the Court's decision is that there must be some sort of statewide uniform collection of revenues from the property tax. (Personal communication, February 19, 1997)

The Vermont Legislative Council agreed but also left the door open for other types of sharing mechanisms:

Although shifting completely to a state tax source would certainly satisfy the Court's ruling... local taxes may still be used to support schools, and they may be local property taxes. The Court's ruling requires, however, that if local property taxes are used to support education, the capacity or access to property wealth be equalized among the districts. (Vermont Legislative Council, 1997, p. 2)

These interpretations favored the more extensive tax sharing plans that had been emanating from the reform-minded House Ways and Means Committee since 1994. By essentially agreeing with the House's efforts to label Vermont's school funding issue a matter of student equity as well as a matter of taxpayer equity, the court decision swayed political momentum away from Howard Dean and his modest sharing proposals that focused on taxpayer equity and towards the House of Representatives with its plans for structural changes to both school aid revenue collection and distribution. As one House member excitedly noted: "So now we had the Court requiring equal educational opportunity, so the Court was requiring one of our key goals" (Informant 07). Thanks to the ruling, House "solutions" such as H.541 and H.351, which just weeks before

appeared politically unviable, received renewed consideration (Informants 07, 03, 08, 06). Politicians and pundits, alike, highlighted *Brigham*'s impact upon the balance of power in Vermont state policymaking on the issue of school funding:

...thanks to the sweeping impact of the Feb. 5 court decision, Dean lost whatever leverage he once had to keep House and Senate liberal Democrats from pushing for too revolutionary a version of tax reform. (Sam Hemmingway, 2/14, p. 1B, BFP)

...the *Brigham* decision changed everything. To me, that's what did it. The legislature was primed to move. They had campaigned on it. They didn't think they could go too far. The Supreme Court throws out the Foundation Formula. The door is wide open. (Informant 16)

With all its eloquent calls, though, the Court has sent all of this legislative session's proposals to the recycling bin. The Legislature is faced with more than tinkering around the edges of school funding. (Geggis, 1997, p. 4B)

Leadership Arena Post-*Brigham*: Actors, Goals and Motives

This section describes how policy actors operating within the leadership arena revised their goals and motives in the wake of the political realignment brought about by the Supreme Court's verdict in *Brigham v. State*. Specifically, it explores how the court ruling emboldened pro-school finance reform advocates to eschew compromise measures in favor of structural reform.

House Leadership

When presented with the news of the Supreme Court ruling, one Democratic House member active in education issues recalled: "I just remember feeling like winning the lottery" (Informant 13). Emboldened by the court's forceful ruling, House leaders immediately moved to scrap the modest tax sharing plan they had been formulating in conjunction with Governor Dean in favor of more wide ranging measures. Speaker of the

House Michael Obuchowski publicly expressed the House leadership's sentiments in his comments to the *Burlington Free Press*: "In light of the decision, what the governor has proposed was a Band-Aid. The sky's the limit now" (Lisberg & Good, 1997 p. 2A). In interviews, a House leader recollected Paul Cillo's efforts to halt the governor's plan immediately following the court's decision:

We heard about the decision on the 5th, the end of the day on the 5th. So Paul called Freidin in the committee room at 11:00 in the morning and said, "John, change of plans. We're not presenting the anemic plan at 1:00. We're going to have Bob Gensburg in to talk about the lawsuit. And we're going to go back to the drawing board because the governor's plan doesn't do the job." (Informant 03)

With the spotlight now on achieving "substantially equal" educational opportunity rather than some measure of property tax relief, pro-property tax reform members of the House wasted no time retrieving reform proposals that had just recently been considered politically extravagant. House Ways and Means Committee chair Oreste Valsangiacomo noted that his committee would indeed consider ideas that had died in previous years (Lisberg & Good, 1997).

Documentary and interview data reveal that within days of the *Brigham* ruling the House engaged in efforts to revitalize the highly controversial H.541⁴³ as a viable policy option for meeting the Court's mandate. Archival research discovered a memo to Steve Klein of the Joint Fiscal Office from Deb Brighton asking for updated educating spending information from the Department of Education "to revive H.541" (D. Brighton, personal communication, February 10, 1997). House Ways and Means Committee minutes indicate that Ann Winchester of the Legislative Council's Office met with

⁴³ H.541's major funding mechanisms included a statewide nonresidential property tax coupled with a local guaranteed yield income tax.

Committee members to discuss the various components of H.541. Interview informants also recalled a push to place H.541 back into play as a legislative response to the court's decision:

I'm pretty sure we said to Catherine Benham [of the Joint Fiscal Office], "Let's, you know, run H.541 with current levels of spending and what do we come up with?" (Informant 07)

This was amazing because we had [H.541] written. It was already written.... The governor didn't want an income tax but so what, they can take it out in the Senate. So we put an income tax in. I wanted it on the table. (Informant 03)

Although conceptually similar, the bill that the House Ways and Means Committee developed in the wake of the *Brigham* decision (H.527 as it would come to be known) differed from H.541 in three significant ways: It did not include a statewide teachers contract; it distributed funds to students through a block grant; and it included a small residential property tax in addition to the local income tax. This last provision was added after Ways and Means Committee members ran H.541's taxing and funding formula with current data and quickly realized that they needed a minimal homestead property tax to supplement the local income tax or else the local income tax rates would be too high. Regarding this situation, a House member commented:

Well, we came up with local income taxes of 22 percent in some towns. That's a little high. We can go as high as a local income tax of 10 percent. That's a little too high. We need more revenue. We can't get it all by general [fund] taxes, right? So we'll have a 47-cent property tax and we'll split the grand – 47 cents for residential people. We'll have a fixed tax for nonresidential of \$1.10 because they don't pay the income tax and have an equalized yield for spending above whatever.⁴⁴ (Informant 07)

⁴⁴ While the essence of the respondent's recollection is correct, he is slightly off in his taxing rates. The actual rates approved by the Ways and Means Committee were a uniform statewide residential property tax of \$.39 and a non-residential property tax of \$1.31.

Noting that “the House had already passed an income-based plan” in a previous biennium, a member of the House Ways and Means Committee did not recall the revival of the basic concepts embraced by H.541 as “being terribly complicated or controversial” among her colleagues (Informant 21). Another informant attributed the ease with which the Committee accepted a plan than just a few years ago had been deemed “radical” to the ceaseless advocacy efforts of Paul Cillo on behalf of his school finance reform proposals: “Through the years, people started being more familiar with the concepts and, you know, this was sort of Paul’s work all along. Just sort of hammering away at equity and the concept of yield” (Informant 06).

However, the Ways and Means Committee member did recall significant committee discussion revolving around the setting of particular tax rates to fund the guaranteed yield formula. Informant statements and committee minutes reveal that the Ways and Means Committee utilized an iterative process that entailed adjusting the rates of various taxes up and down to develop a revenue package that did not unduly harm any one district:

A big discussion was around the equalized yield: What would that be? And, you know, we looked at spreadsheets with: “This is [the income tax rate at] \$42 dollars per penny, here is \$41 dollars a penny, here is \$39 dollars a penny. We spent days looking at different components. You could have a lower statewide property tax rate and then a higher guaranteed yield [income tax]. (Informant 21)

This negotiation reflected the varying geographic and financial circumstances of member districts as well as personal preferences:

I remember Al Perry was on our committee. He is from Northern County; very low property wealth but very low income wealth. He was very much pushed, I mean he was not in favor of a high statewide property tax rate. Whereas Danny Deuel was from the Rutland area and he would have preferred a higher statewide property tax and a higher block grant because

he felt that the equalizing wasn't enough, that we really needed to make sure that the low income students' schools would spend more. He is a teacher. [He felt] we needed to push the low spending schools. Whereas Al Perry was saying, " This is local control and that's their determination and I don't want their tax rates to go up." (Informant 21)

Ways and Means Committee minutes revealed that similar negotiations occurred with regard to the use of almost every tax included in the revenue package. These tax rates were repeatedly adjusted to examine their impact upon various constituencies. Similarly, the amount of the per-pupil block grant was adjusted several times in response to the amount of revenue produced by the various tax packages.

By late February, the House Ways and Means Committee coalesced around a general school funding tax package that provided a weighted per-pupil block grant to school districts. This block grant was comprised of funds from a \$1.31 uniform statewide non-residential property tax, a \$.39 uniform statewide residential property tax and approximately \$320 million in general fund dollars. All spending above the block grant would be funded through a guaranteed yield local property tax (Ways and Means Committee, 1997c). Ways and Means Committee members unanimously voted this package out of committee on March 13, 1997.

In his introduction of H.527 to the full House on March 18, Ways and Means Committee Vice Chair John Freidin (1997) listed the measure's three broad goals:

Today we have the opportunity to meet three great challenges: 1) To provide Vermonters with property tax relief, which has been an issue of study, debate, and action before this body almost without pause since at least 1992; 2) To comply with the unanimous February 1997 Supreme Court decision that outlaws our current education finance system and provides that every Vermont child has a constitutional right to equal educational opportunity, and further that it is the responsibility of the state to deliver that opportunity; and 3) To preserve Vermont's valuable tradition of local control over school budgets. The bill before you meets all three of these challenges. (p. 1).

Because of the Court's mandate, the Ways and Means Committee addressed student equity as well as property tax equity issues. Freidin also justified the Ways and Means Committee's inclusion of a local income tax as means to satisfy *Brigham*:

...the weakness of an equalized, property-based system is that it is easier for a district where incomes are high to pay property taxes than it is for a district where incomes are lower.... Therefore, Mr. Speaker, your Ways and Means Committee decided that to equalize district wealth on the basis of property wealth was insufficient to meet the standards of the *Brigham* decision. An equalized, property-based system would continue to allow disparities in district wealth – income wealth – to influence local spending decisions. Therefore, the Ways and Means Committee has created an education finance system, an equalized, income-based system. Though it relies on local income tax revenues for only 12.5 percent of its revenues..., the equalized, income-based system preserves local control over how much each community can spend to educate its students. But by using state aid to even-up what the local income tax generates in each town, H.527 enables each school district to have available for its spending the same amount of money per pupil for each percent or fraction thereof of local equalized income tax. (pp. 3-4)

In short, an income tax helped satisfy the Committee's key goal of basing school taxes on "ability to pay" in a way that funding formulas based on property taxes, alone, could not.

Floor debate on H.527 lasted three days. During this period, the bill survived two serious challenges, most prominently an effort by House Republican Ruth Dwyer to strip all taxing provisions out of the bill in favor of a two percent gross receipts tax.⁴⁵ The gross receipts tax idea made a splash at Town Meeting Day among those Vermonters searching for an alternative to the statewide property tax (Lisberg, 1997b; D. Pratt, personal communication, March 6, 1997). However, economists from across the political spectrum did not embrace the move to an untested taxing source as a means to fund schools (T. Kavet, personal communication, February 3, 1997; Joint Fiscal Office, 1997;

⁴⁵ A gross receipts tax is levied on the dollar value of transactions. It differs from a sales tax in that it is levied at all levels of sale, not just the final sale.

Sneyd, 1997c). House members voted down Dwyer's amendment on a vote of 90 to 57. Finally, after turning back last minute efforts to delay the consideration of the school finance effort as well as entreaties by the Dean administration to eliminate the income tax component, the bill passed the House on March 21, 1997 by a vote of 81 to 62.

Governor Howard Dean

In the days following the Supreme Court's ruling, Governor Dean lauded the *Brigham* decision. In remarks to the *Burlington Free Press*, he commented: "I think it is very positive. I hope it will give property tax reform a boost" (Donoghue, 1997, p. 6A). An informant described a similarly positive response by the governor in the immediate aftermath of the Court's decision:

I just remember the statehouse being abuzz with, "Wow, now we have to do something." By the time they came back the next week... there was a kind of political consensus that, "OK, the court has ruled. We've got to do something." I think the governor set the tone. As I recall, I seem to remember him saying that "We've got to do something." (Informant 17)

However, the ruling had shifted political momentum away from enacting the modest reforms Governor Dean had spent the last several months developing. Regarding this fact, one informant noted:

Howard thought he was dealing with the issue. But what was clear after the Supreme Court acted was all they were doing was putting just a little money into something that needed a lot of money. (Informant 01)

Despite the significant change in approach now called for by the court, informant responses indicated that Dean did not spend a significant amount of time studying the ruling or formulating a thoughtful response to the court's decision. Instead, he wasted no time in interpreting the court's mandate for equality of educational opportunity as a mandate for equal spending. Given this interpretation, Dean began advocating for a state

funding mechanism that provided a uniform block grant to all students. Politicians and special interest group leaders condemned this policy prescription as overly simplistic and ill conceived:

It was interesting, the night the decision came out, Montpelier was having its “Welcome Back Legislators” dinner. The city of Montpelier, they have a little buffet dinner at the hotel. So I was in line behind Howard Dean. We heard the decision. He said, “I think what we should do, I think the only way we could meet the Supreme Court decision standard is to take all the money for public education and the divide it up among the 100,000 kids and the students in the school district. So I said, “You’re going to say the school districts can’t raise any more money on their own?” He didn’t understand this stuff. He said, “No, they can raise money if they need it but we’ll just do that.” I said, “As soon as you do that, Howard, that’s not going to meet the [Supreme Court’s] test.” (Informant 03)

The governor pretty quickly got into a corner of, “We’re just going to give everybody x number of dollars and that’s it.” The legislature felt like that was too... It went against the grain of [local control]. (Informant 13)

His initial reaction to *Brigham* was: “We’re going to go to a flat per-student grant for every school district and that’s all you’re going to be able to spend.” Because that was, you know, his literal interpretation of what *Brigham* required. (Informant 09)

The *Brigham* decision comes. We all go into the governor’s office and Howard Dean said... He was heading to a hockey game for one of his kids and he said, “I’ve got a great idea. This is perfect. We’ll do a statewide property tax. We’ll give everybody a block grant for education of \$6,500, whatever the number is. We’ll tell them that’s all we can do and they’re on their own after that.” And I said, “Governor, I don’t think that is going to be very popular to be telling communities that Montpelier is going to tell them what you can spend on school finances.” He wanted to contain costs as well as do equity. So did we all but I said, “Maybe you are not running for reelection, but the rest of us are.” (Informant 14)

After his immediate, off-the-cuff policy recommendations were rebuffed, Dean shied away from further policy prescriptions other than cautioning that “...any new plan should not touch the state’s income tax...” (Donoghue, 1997, p. 6A). Commenting upon Dean’s seeming inaction on the issue, newspaper columnist Sam Hemmingway wrote: “...it’s

clear there will be no dramatic, risk-taking speech from Dean laying out a blueprint for education” (Hemingway, 1997, p. 1B). Multiple interview informants concurred with the assessment that blocking the income tax became Dean’s policy priority in the days following *Brigham*:

Dean certainly didn’t want to be pushed as far as the income-based system.... He put his foot down on income tax. He did that publicly. (Informant 18)

Anybody that knew anything knew that it was going to be property tax only... clearly an income tax was a deal breaker for him. (Informant 02)

...two days after *Brigham* came down, the governor said any proposal that had an increase in income tax or Powerball⁴⁶ in it would be vetoed. I felt that was a terrible mistake on his part. I mean he’s the one who that said that this is the most important event that has occurred in Vermont since the Civil War. That was a quote from him. I’m a Dean fan, don’t misunderstand me, but for him to take anything off the table as a part of the discussion I thought was bad government. (Informant 19)

However, in what one newspaper columnist described as a “deliciously impertinent” move, the newly empowered House leadership ignored this warning and continued with its plan to include a local school income tax (Good, 1997e, p. 1E). Informant data indicate that the House’s decision to cross this “line in the sand” (Informant 01) angered Dean who viewed the move as yet another example of liberal taxing policies that shifted expenses onto the wealthy:

Howard Dean was not at all enamored with what was going on in the House. On this I mean they used it to kind of push a much broader agenda than just equal education within the definition of the *Brigham* decision. There was all this, you know, “Throw it on the income tax. Soak the rich.” (Informant 15)

In just a matter of weeks, the *Brigham* decision had transformed the governor from a proactive policy negotiator to a defensive bystander on the issue of school

⁴⁶ Multi-state lottery.

funding. A business lobby publication condemned Dean's performance in the period following the court ruling:

Following [*Brigham's*] release, Governor Dean all but vanished from the politics of tax reform. The court decision was interpreted in a manner that made Dean and his fellow moderates non-players. For the balance of the '97 session and while Act 60 was being written, Dean's only goal and success seemed to be in opposition to the use of the state income tax as the basis for the legislation. (Keller & Fuller, 1998, pp. 2-3)

Senate Leadership

During the opening weeks of the 1997 legislative session, members of the Senate Finance Committee spent their time taking testimony from experts and interested individuals on various aspects of school funding while they waited for the House Ways and Means Committee to weigh in with its final version of the reform bill it was negotiating with Governor Dean. One informant characterized this period in the following way:

You know, there had been discussions and the reason was property taxes were continuing to escalate at a rate that was not sustainable. So the discussions were, "Let's try to come up with ideas of how can we fund education other than [through] property taxes? Does anyone have any ideas? Can we use a different tax? Or is there a different method to fund education?" (Informant 04)

The informant further noted that the *Brigham* served as a wake up call for the Committee in terms of focusing its attention more fully on the school funding issue. In response, the Committee began in earnest to develop its own vision for state aid to education:

It wasn't long after that the court decision came down and then it was more: "We've got to do this, so let's get started on it." That's really when various versions came up and some were much more than I was willing to talk about and so there were huge discussions and debates about where we would go. (Informant 04)

In the wake of the decision, senators expressed their motivation to pass legislation that addressed notions of fairness, school equity and educational quality. These motives largely mirrored those of House members:

What I found was a lack of equality in small towns. I found a town that was spending \$3,400 in my district but Stowe was spending somewhere around \$12,000 per student. Even though my colleagues on the right didn't agree with me, I found a great amount of unfairness.... I said, "You know, this really isn't fair because these kids are coming out of these schools with an inferior education because the town can't raise the money to provide [educational resources]." (Informant 04)

I knew it was going to be a huge help in getting equity in school finance. Let's talk about the big picture. Our most important responsibility in a democratic society is educating our kids. (Informant 14)

For me, it wasn't about property tax relief. I don't care about that really. I can say that. There were some places where the property tax was a real burden but that isn't something I would risk my political neck over. But the idea that we would give all Vermont kids a good decent chance at a good education, that's what it was for me. (Informant 10)

While similarly interested in passing reform legislation that addressed student equity as well as taxpayer equity, senators were almost universally opposed to the House's use of the income tax as an equalizing mechanism in its school funding formula. As informants explained:

I didn't like the House local income tax at all. I knew the governor wasn't going to sign it. It was going to be a donnybrook.... Plus, I don't agree that it's the best way to fund education in this state because we have too many second homeowners; too many income taxes on the backs of the residents. (Informant 10)

The House went to work and passed a plan that was going to be dependent upon income tax as the primary equalizer. I felt that there wasn't enough income tax in Vermont to replace a billion dollar property tax revenue source. There's not that many rich people in Vermont.... It's not a big state with lots of rich people. So I just thought that was a mistake. (Informant 14)

The Senate balked at the income tax. Governor Dean was having a fit over the income tax and they just refused to do it that way. (Informant 21)

Given their opposition to the use of the income tax, Senate leaders concentrated on reform measures that continued Vermont's longstanding tradition of using the property tax as the primary source of revenue for state aid to education:

In my opinion, the property tax was the only place to go because I wanted to be sure my out-of-state neighbors were helping to pay for our kids. (Informant 02)

My kind of hero was Scudder Parker who was the first senator that proposed a statewide property tax. I just thought he was great, ahead of his time.... So what I thought when the court decision came down... I have the opportunity to get this done. So my goal is a statewide property tax bolstered by as much non-residential property tax revenue as I could possibly muster to go with it. (Informant 10)

When contemplating the broad parameters of any potential plan, Senate Finance leaders took into account their desire to garner bipartisan support for it:

I think on the Senate side, in particular, they were looking to have a bipartisan bill; something they could claim as bipartisan. (Informant 02)

The Democrats didn't want... they wanted to at least be able to go on the floor to debate this bill with a bipartisan group. That way it would show that our Finance Committee was... I don't think it was unanimous, but it was bipartisan. (Informant 04)

Because Senate leaders, including Finance Chair Cheryl Rivers, desired a bill with bipartisan support, two moderate committee members became the key players in the negotiation process: Republican Jim Greenwood from Essex/Orleans and Democrat Dick Sears from Bennington. Respondents emphasized their centrality to the negotiation process in the Senate Finance Committee:

Getting those two on board was key to any plan because Dick [Sears] was a moderate Democrat and Greenwood was a moderate Republican (Informant 09).

If you didn't have [Sears and Greenwood], you didn't have the rest of the Senate either. They were kind of the moderates. Dick is a lot more liberal than Jim but they were both pragmatic. (Informant 17)

According to informants, these gentlemen represented constituencies that would have been penalized by the House bill's inclusion of an income tax and a high non-residential property tax. Thus, the Committee's bill aimed at addressing these two moderate senator's particular concerns with the House's bill to bring them on board with a bipartisan reform package:

As a matter of political convenience they couldn't go home and support the House plan. I mean Dick Sears was like, "Maybe they will like it in Bennington but they will kill me in Manchester." So they were looking for something that they could sell at home. Greenwood was a big one because he was all property tax wealth up in the Northeast Kingdom – lots of land and few kids. (Informant 15)

Jim Greenwood and Dick Sears had a couple of things in common which primarily was Dick Sears had the northern part of Bennington County. [The county] has a lot of property wealth [such as] Manchester next to the ski communities and Jim had some aberrations in his community too because of the lake up there, the fact that there were camps on these lakes which had a similar effect [of creating property wealth]. (Informant 14)

By mid-April, members of the Senate Finance Committee began to coalesce around the concept of an income sensitive statewide property tax. One informant recalled being favorably impressed by a plan Lieutenant Governor Doug Racine developed for the Committee's consideration: "[Deb Brighton] had spoken with Doug Racine about devising an income sensitive property tax and I loved it.... I thought that was an even better idea than just a statewide property tax. So I felt enthusiastic about it" (Informant 10). Racine noted in the *Montpelier-Barre Times Argus* that "making the income tax property sensitive" would be a suitable "alternative" to the House's local income tax in

that it could similarly address concerns with vertical equity or “ability to pay” without having to use an income tax (Bever, 1997).

Racine presented his plan to the Senate Finance Committee on April 14, 1997 (Racine, 1997). This initial plan consisted of a \$5,400 block grant that was funded through an income-sensitive⁴⁷ homestead (house and two acres) property tax, a uniform non-homestead property tax of \$1.33 per \$100 of assessed value and additional unspecified general fund taxes. Should a school district choose to spend over the block grant, it had the option of levying a second-tier guaranteed yield local property tax on its homestead property. This second-tier local property tax would also be income sensitized.

Several days later, on April 25, 1997 Senators Greenwood and Sears, who had been working closely with representatives from Governor Dean’s tax office, presented their own property tax reform⁴⁷ proposal (Greenwood, Sears & Shumlin, 1997). Conceptually similar to the Racine plan, the Greenwood/Sears plan proposed a \$4,562 block grant for elementary students and a \$5,702 block grant for secondary students that would be funded through a uniform \$1.00 statewide property tax and an additional \$60 million in new general fund taxes. To make the plan income-sensitive, Sears and Greenwood included a rebate that would pay for the part of the tax burden that exceeded a certain percentage of household income on the homestead portion (in this case a house plus six acres) of a taxpayer’s property. Those school districts wishing to spend above the block grant would be allowed to levy additional property taxes. Those additional taxes levied on the homestead portion of a taxpayer’s property tax would remain with the

⁴⁷ An income sensitive property tax is a property tax that is levied on a graduated scale according to a property owner’s income. Racine’s plan called for homestead property taxes ranging from \$0.50 per \$100 of property value to \$1.33 per \$100 of property value, depending on income.

school district while the non-residential portion would flow to the state depending upon the town's property wealth.

Eventually Senate Finance Committee Chair Cheryl Rivers developed a compromise plan she dubbed "Senate Finance 1." A Committee member recalled the process of melding the two proposals:

We incorporated ideas from other people. We had a block grant so that Dick Sears would feel happy. That was their proposal. They [Sears and Greenwood] had a very crude, simple proposal that wasn't very progressive, I didn't think. But we kept the block grant idea. The income-sensitive property tax was Doug Racine's idea. We had the current use incorporated, but not at the local level. We had to allow spending above the block grant [through a guaranteed yield second tier property tax]. (Informant 10)

Respondents recollected a negotiation process similar to that in the House where all members sought to find a mutually agreeable balance of revenue sources and distribution methods:

I would look at printouts before I released them so I didn't send Senator Sears over the rainbow and probably tweak it a little bit... it would have been the size of the block grant. One of the factors was how big was the block grant going to be? And there was a guaranteed yield [property tax] in there. What was that going be? (Informant 10)

What happened in committee was that everyone was trying to make sure that we passed a bill but also that their own districts weren't harmed. (Informant 14)

As I recall, we set the per student amount at somewhere around \$6,800/\$7,000 so that meant many of my poor towns... were going to benefit. They would be a receiving town and not a sending town. (Informant 04)

After much negotiation among the competing factions within the Senate Finance Committee members emerged on May 15, 1997 with a finalized compromise version of H. 527 that passed on a vote of six-to-one (Senate Finance Committee, 1997). This plan

proposed a uniform block grant of \$5,022 per pupil with additional \$636 in categorical funding provided for secondary students, English language learners and low-income students. Special education, transportation and small schools received additional funding under separate budget lines. The block grant was funded through a uniform statewide property tax of \$1.10 that would be income sensitive for households earning up to \$60,000 annually and an additional \$57 million in general fund taxes, including a two percent increase to the rooms and meals tax, a three-cent increase in the gas tax, a one percent increase in the purchase and use tax and revenue from the Powerball lottery. Those school districts wishing to spend above the block grant would have the option of levying a second-tier guaranteed yield property tax on its property, both homestead and non-residential.

Final negotiations on the bill before the full Senate began on Wednesday, May 21, 1997 and the bill passed on a 21-to-9 vote the following day without serious alteration to its original content. All of the Senate's 17 Democrats and four of the chamber's 13 Republicans voted in favor of the measure, including Senate Finance Committee members Jim Greenwood and William Doyle.

While the content of the school funding plan was not meaningfully altered, one Senate leader did recall efforts to secure the vote of moderate Republican Helen Riehle from Chittenden County by attaching an unrelated sales tax break for the purchase of building materials costing over \$1 million. This tax break would assist in the construction of a factory for the Husky plastics company in Riehle's district and demonstrated the Senate Democratic leadership's interest in obtaining bipartisan support for the measure:

This is one I'm not the proudest of. We did something for Husky. I did that to get somebody's vote. I do remember that Helen Riehle was

wavering about whether she was going vote for the bill or not. There were people that were angry with me over that but I was into racking up the votes.... I was heavily into getting, I felt we had to have a good, solid vote because then, you know, you start losing [moderate Republicans], the Democrats start to get shaky and timid. And for some reason I really wanted... Helen is a pretty moderate Republican. I wanted her vote so I tried to figure out what it would take to get her vote. (Informant 10)

The Senate leaders' generosity proved successful as Riehle joined three other Republicans in voting to support the school finance reform measure. With her support secured, members of the Senate leadership turned their attention to the upcoming Conference of Committee where the differences between the House and Senate versions of H.527 would be reconciled to create a joint bill.

Leadership Arena Post-Brigham: Actors' Resources and Strategies

The previous section explored the motives and goals of the various actors operating in the leadership arena with regard to the issue of school finance reform in Vermont. The section revealed a set of liberal legislators in both the House and Senate emboldened by *Brigham's* mandate for equality of educational opportunity to pass a significantly more expansive piece of school finance legislation than what had been conceptualized at the onset of the 1997 legislative session. The court decision's emphasis on achieving "substantial equality of educational opportunity" allowed legislators not only to propose significant general fund tax increase to augment the state's education budget but also to put forth plans for extensive tax sharing between property wealthy and property poor towns that just weeks earlier appeared politically impossible. With Howard Dean either unwilling or unable to develop his own vision for school funding under the terms set by the *Brigham* mandate, the House and Senate's more expansive vision faced no meaningful opposition and resulted in conceptually similar bills emerging from each

chamber. This section describes the various resources and strategies utilized by the actors in the leadership arena to pass these substantive changes to Vermont's existing school funding policies.

House Leadership

The *Brigham* decision benefitted the House leadership's relative power within the leadership arena by not only providing new resources such as the student equity mandate and a newfound sense of urgency to pass reform legislation, but also by strengthening the potency of existing resources such as the legislators' positional authority, preparedness, vision for change and the state's moralistic culture. This robust allocation of resources allowed this group of leaders to realize their long-term goal of passing meaningful school funding reform in the months immediately following the Supreme Court's February 5, 1997 ruling.

The fact that the pro-finance reform contingent within the house was led by the House Majority Leader and the Vice Chair of the House Ways and Means Committee whose actions had the blessings of the similarly-minded Speaker of the House and the Chair of the Ways and Means Committee, meant that the positional authority of the House leadership could be brought to bear on devising their preferred version of a school funding bill. Also, because the House had been anticipating action on the issue even before the Supreme Court weighed in, significant time and energy had gone into the Ways and Means Committee appointments for that legislative biennium. As an example of this thoughtfulness, two informants described how the House leadership took the unusual step of appointing freshman Representative Gaye Symington to the Ways and

Means Committee specifically because of her perceived facility with the school funding issue:

We had done our homework and found out she was into [school finance reform]. She had taken courses in school and was smart and a math head. She had a computer. She was put on Ways and Means. She really lived up to it. She was great. (Informant 03)

I remember Gaye Symington who had gotten on the Ways and Means Committee... because she demonstrated as a candidate when she came to talk to me about our work on [school funding] just such an amazingly quick and clear and deep understanding of what we were doing. It was amazing. (Informant 07)

She was interested in education finance and she was solid from the beginning. [She was] thoughtful, a good thinker, just wonderful. (Informant 06)

In addition to appointing knowledgeable legislators, the House leadership took care to appoint lawmakers whose districts would benefit from their proposed initiatives. For example, although Gene Sweetser of Essex Junction was described as a “good Republican,” he went along with the Committee’s proposal because “[Essex Junction] was a very heavily taxed town” where “people were dying under their property taxes” (Informant 07).

With their preferred legislators installed in the Ways and Means Committee, Democratic leaders capitalized on their positional authority to ensure that their ideal bill was passed out of House Ways and Means Committee and, subsequently, the full House of Representatives in just six weeks time with virtually no alteration to the original bill (Informant 07). One informant described how Paul Cillo and John Freidin capitalized on their leadership positions in the following passage:

Paul and John were on autopilot. I mean they knew where they were going. They knew that *Brigham* was the coup de grace. They were: “We’re going to run as big a train down these tracks as we can.” I mean I

don't blame them. I think that they understood and they were right; they had the opportunity to do it and they took advantage of it. (Informant 09)

The massive accumulation of positional authority allowed House Democrats to pass their preferred bill over the objections of opponents both inside and outside the legislature.

Writing in the *Springfield Reporter*, Republican Representative Gary Richardson (1997) expressed a sense of powerlessness in the face of Democratic control:

Have you ever noticed how there is no listening to citizens by the liberal left? Did you attend any of the hearings on education property taxes run by the House Ways and Means Committee around the state a few weeks ago? They don't feel they have to listen anymore because they are convinced that they know what is best for us. They were so certain of this that they refused to consider the Gross Receipts Tax, which was popular with many Vermonters, and would have eliminated both the sales tax and the education property tax. (n. p.)

Richardson's frustrations at being shut out of the school funding debate reflected the House Democrats' ability to tightly manage the legislative process.

In addition to benefitting from positional authority, House Democratic leaders benefitted from the tenor of the court's ruling. The ruling specifically labeled the Foundation Plan, with its heavy reliance on local property taxes and wide funding disparities, unconstitutional, noting:

The current system for funding public education in Vermont is in violation of the State Constitution. A legitimate governmental purpose cannot be fathomable to justify the gross inequities in educational opportunities produced by this system, with its substantial dependence on local property taxes and resultant wide disparities in revenues available to local school districts. The distribution of a resource as precious as educational opportunity may not have as its determining force the mere fortuity of a child's residence. (*Brigham v. State*, 1997, p. 1)

In this regard, the mandate for change set forth by *Brigham* meshed nicely with House reformers' vision for school finance reform and validated their efforts to pass legislation that evened out the ability of school districts to raise money through equalized tax effort.

In testimony before the House Ways and Means Committee, legal scholar Peter Teachout (1997) described how the House's approach met *Brigham's* test:

It is my judgment that the bill currently under consideration by the House Ways and Means Committee... places every community in the state on a level playing field as far as access to basic school revenues is concerned. It eliminates the "wide disparities in revenues available to local school districts" under the existing system. It eliminates the "gross funding inequities resulting from interdistrict property wealth." It affords the children in every school district in the state, in the Court's own words "a substantially equal opportunity to have access to similar educational revenues." There may be other ways to do so, but in my view, the House Ways and Means' proposal clearly meets the standard set forth by the Vermont Supreme Court in the *Brigham* case. (p. 1)

The Vermont Legislative Council (1997) also interpreted the Court ruling as favoring the House's longstanding goal of implementing tax sharing and guaranteed yield schemes:

The court's ruling requires, however, that if local property taxes are used to support education, the capacity or access to property wealth be equalized among the districts... Formulas that reward equal effort coupled with tax sharing among districts would be equally acceptable solutions (p. 2)

These interpretations helped to inoculate the House bill against criticism and persuaded fence sitters and even some past opponents that House policy goals such as tax sharing were now required. As one informant remarked: "I think what the court case did was you couldn't just say, 'I hate it. I have no alternative.' You can't just say, 'No'" (Informant 06). In this same vein, a Republican legislator recalled how the *Brigham* decision changed his mind with regard to accepting a statewide property tax:

I think the Supreme Court put a lot of charge in the issue. I know, in my case, it forced me to look at it very, very differently than I had before. The current method was not acceptable. The message here is you have to go somewhere. Just staying with the status quo is no a reasonable outcome. (Informant 02)

Several informants highlighted how John Freidin and Paul Cillo's tireless actions on behalf of school finance reform throughout the 1990s served as a major contributor to the House's ability to formulate their response to *Brigham's* mandate for "substantial equality of educational opportunity" in such a short period of time. Their issue expertise, achieved through years of preparation and clear vision for change, proved instrumental in encouraging the House Ways and Means Committee to immediately revive and retool 1994's H.541 to meet the parameters set forth by the Supreme Court:

The good thing about all the work that John and Paul had done was they had all the pieces of a plan in place. They knew what to do so they didn't have to fumble around trying to figure out how the system was going to work. They knew what would work and how it could work. (Informant 20)

They were ready to run with it. They had the information. They had worked on it. (Informant 08)

People thought it was rushed through but it was sort of interesting. Here were Cillo and Freidin and when Ralph [Wright] was speaker, they had sort of done all this work. They'd gotten the bill ready. They did exactly the same thing. And they understood it... They had really done all the work and they sort of knew exactly how to do it. (Informant 01)

Yeah, they'd been doing it for seven or eight years. There was a huge amount of homework being done. Lots of things proposed. Lots of things were run up the flagpole and shot down. With various permutations and combinations and tweaks for political expediency.... Through all of the stuff that had been happening in the past seven or eight years they had vetted some ideas. They had floated things out there and said, "Ahh that's pretty good." Then they'd float something else out there and say, "Ugh, not so good. That one didn't work like we thought it would." So they had a chance to model and critique things and sort of pick some of the best ideas. (Informant 12)

The sense of urgency expressed by the Supreme Court in mandating immediate change proved to be yet another resource that benefitted the House in its pursuit of non-incremental school finance reform. At the forefront of this effort was plaintiffs' lawyer Bob Gensburg who was quoted by the *Burlington Free Press* as stating: "If the

Legislature does not develop a remedy, the court is going to have to impose a remedy – and nobody is going to like that” (Lisberg & Good, 1997 p. 2A). The House Judiciary Committee (1997) also interpreted the court’s ruling as requiring immediate attention by the legislature:

We should assume that the Court will not be tolerant of much delay in enacting new corrective legislation because it has found the current laws to be unconstitutional. We believe that the best advice is that new corrective legislation ought to be enacted this session. (p. 3)

The non-partisan Legislative Council’s (1997) office reached a similar conclusion:

The court is unlikely to tolerate the legislature taking much time to enact corrective legislation. The best advice is that it ought to be done in this legislative session. (p. 3)

Respondents also recalled a pervasive sense that the legislature was compelled to act quickly:

After the Supreme Court ruled there was a sense of urgency. (Informant 01)

I think there was an implicit threat if they didn’t act quickly then the risk is that court would impose some sort of solution. (Informant 18)

I felt that we had to produce a product. (Informant 02)

This “sense of urgency” proved helpful in getting legislators to expedite their action on the issue and to accept the breakneck speed with which the House was moving.

It also served as a useful counter to opponents seeking to slow down the process by urging delay. The House leadership routinely ignored calls from leading business groups to “...stop and study exactly what is mandated by the Supreme Court” (Informant 11), by citing the Supreme Court’s mandate for reform. A March 13, 1997 article appearing in the *Burlington Free Press* quoted John Freidin responding to the Vermont Business Roundtable’s request to slow down the legislative process by saying: “These

business groups have opposed property tax reform since 1993. I think the difference is that the necessity of change exists now where previously there was only a widespread desire for change” (Sneyd, 1997c, p. 1B).

The state’s moralistic political culture served as a final resource to the House’s pro-reform contingent. As noted earlier, in a moralistic political environment government is broadly viewed as an instrument of the people to promote the common good. Citizens, therefore, expect government officials to work earnestly on their behalf to solve issues that are of general concern. While many politicians personally opposed the concept of tax sharing, they nonetheless believed they were obligated to follow the Supreme Court’s directives. Even the House’s top Republican, Walter Freed, acknowledged the legislature’s duty to act responsibly in the face of the Court’s demand for change. In remarks to the *Burlington Free Press* he noted: “I don’t think we’re going to get to the point where the courts are going to order a solution in Vermont. You have to take some action because no action at all would leave us vulnerable to chaos” (Lisberg, 1997a, p. 6A). Study informants concurred with Freed’s assessment that opponents in the legislature were not inclined to block the passage of a court-mandated reform measure:

There’s a respect for the opinion of the court. The court says you’ve got to do something so they do it. I think it’s because Vermont’s legislature is small enough; well, they represent such a small population, maybe 4,000 people per House member that they have a connection with folks and I think they feel the pressure. (Informant 17)

Other states, my recollection, they have had similar court decisions and I had heard that some states had been working on it for 10, 12, 15 years and still had not come up with a solution. I said, “You know, I think it’s important that we do make a decision.” (Informant 04)

...it’s a Supreme Court Decision. You’re not going to negotiate with this. It’s not going to go away and something is going to be done this session. (Informant 15)

This deference to the common good made political opponents less willing to deploy their resources in an effort to counter the House and Senate Democrat's actions. In this regard, Vermont stood in contrast to other states such as New Jersey, Texas and New Hampshire, where school finance reform dragged on for years due to political intransigence on the part of reform opponents.

Armed with these ample resources, the House leadership sought to influence the decisionmaking process in the leadership arena through the use of two concerted strategies. The first strategy entailed developing an immediate response to the court ruling to capitalize on momentum as well as to deny opponents the time needed to orchestrate a coordinated response. Relying on their positional authority, issue area expertise and the sense of urgency brought on by the court ruling, the House worked to move as quickly as possible to enact reform legislation. Informants described how House leaders deployed their resources in the interest of expediting the passage of H.527:

So we passed [the bill] out... We moved quickly. It was all ready. Nothing had to be written. (Informant 03)

I just remember working crazy hours but it was all stuff that I'd worked on before if that makes sense. It was all tweaking the basic concepts. (Informant 08)

Of course, we got all kinds of grief because it happened so fast. (Informant 07)

A lot of the reaction was the legislature moved too fast and shouldn't we study this and how can they do this and the fact is they'd studied it for 100 years. They'd really worked hard on it for 10 years.... And they never got anywhere until the court said, "Do it." So they were ready to do it.... So they were actually way ahead of the public and way ahead of the gold towns and everything like that. The bill pops out. They go through it everybody is, "What'd you do?" And it took a while for the public to actually understand what they had done. (Informant 01)

While this strategy engendered criticism from opponents who condemned House Democrats for “ramming its radical reform proposal down the chamber’s throat” (“The Right Attitude,” 1997, p. 8A), it proved successful in allowing the House to pass a bill that departed significantly from the status quo.

The Democratic leadership’s second strategy entailed relying on its positional authority, the court’s mandate and the opposition’s fealty to Vermont’s moralistic political culture to frame the negotiation parameters for H.527. The House’s ability to pass out its ideal version of a school funding bill meant that it would have room for compromise during subsequent dealings with the governor and Senate. One House leader alluded to this strategy when he discussed the inclusion of the income tax provision in H.527 over the express veto warnings of Governor Dean: “So we put an income tax in. I wanted it on the table” (Informant 03). Another informant nicely summed up the House’s strategy in the following paragraph:

I think they thought that the roadblock was the governor... Dean had made it clear from day one that it won’t be an income tax. This was a very strong-willed group of people. I know the House was more liberal at the time and they thought they had to kind of set the marker if you will. Tax bills have to originate in the House so they set the marker: “This is what we’ll accept.” It really framed the debate when it got to the Senate.
(Informant 17)

Thus, by including the income tax provision in the face of opposition from both the governor and Senate leaders, House leaders hoped to secure a bargaining chip to provide leverage in future negotiations.

Governor Howard Dean

In the weeks and months following the *Brigham* decision, newspaper editorials and opponents of school finance criticized Howard Dean for not taking action with regard

to formulating a policy response to the Court ruling. The *Burlington Free Press* editorial board called Dean's inaction on the issue "... an abdication of [his] obligation as the state's chief executive to help solve a complex and urgent issue" ("Too Late to Lead," 1997, p. 8A). A pro-business lobbying publication similarly condemned Dean for not taking a leadership role in responding to the Court's mandate:

Other than insisting that income tax stay out of the package, he and his administration essentially took a walk on [the issue]. Dean repeatedly rejected advice from political allies that he personally take charge of explaining the court decision and the issues raised by it to Vermonters, and lead the effort to respond to it. Instead, he publicly stepped aside and let the Legislature craft Act 60. (Keller & Fuller, 1998, p. 3)

Although in possession of multiple resources that he might have utilized to favorably influence the policymaking process in the leadership arena, Dean appeared to rely largely on veto threats as his principle tool for preventing the inclusion of an income tax provision in any new school funding legislation. While veto threats can serve as a useful tool for chief executives, they imply a reactive rather than proactive stance and it appears that most Vermonters did indeed perceive Dean as taking a defensive posture on the issue. The following quote from a leading lobbyist exemplified Dean's public persona vis a vis the school funding debate:

He was never much of a player in the final design other than "Don't give me something with an income tax." I mean, he may have been behind the scenes working with the Speaker [Obuchowski] and Paul [Cillo] and Shumlin but basically from my perspective and from the public's perspective he was a non-factor on the issue. (Informant 09)

Even legislators viewed Dean as being largely absent in terms of working to formulate a legislative response to the *Brigham* ruling:

I don't remember the governor or his staff being very heavily involved other than you know they really continued to push for "Lets just give x number of dollars per pupil." (Informant 13)

According to a Dean administration official, this House legislator was correct in her assessment that neither Dean nor his administration officials became particularly involved in the House's school funding negotiations. Per this informant's recollections, the inaction was by design:

We didn't even spend time in the House. It was dead on arrival, the Cillo/Freidin plan. We didn't even go over there because Howard Dean would have vetoed the bill and we knew we had the votes to sustain a veto. Maybe not in the House but certainly in the Senate so it was like why waste our time over there. (Informant 15)

Instead, this administration official indicated that high-ranking cabinet members began to quietly reach out to perceived moderate members of the Senate Finance Committee to help negotiate a bill that would better reflect Governor Dean's policy preferences. One informant described the genesis of this relationship:

You pick up the vibes from people that they aren't happy with the House bill either. I know Dick Sears. Greenwood, I always liked. Just a gentleman. So I don't know how it happened but you can see that they were looking for a different path. We all found each other somehow. It's not that we were probing in the dark. You deal with them on 100 other issues, you know. So you know who they are. It's like, "Hey, Jim, what do you think of this?" or I used to smoke cigarettes so I'd bum a cigarette from Dick Sears now and then on the [Capitol] steps and say, "Well, what do you think?" "Well, we've got to find something different than this." (Informant 15)

This strategy proved fruitful as members of the Dean administration began working with select members of the Senate Finance Committee to develop an alternate to the House's proposal.

To facilitate the development of this proposal, the Finance Commissioner's Office relied upon its own data and staff to create a modeling capacity similar to the one used by the Joint Fiscal Office to run taxing and distribution policy options. The Dean

administration developed its own modeling capacity because officials believed it was important to provide the governor with an independent resource:

You can't have a major issue like that come along and leave the governor naked in terms of having to rely on the other branch of government to do your technical analysis. It just can't happen. (Informant 15)

This concern with independence centered upon their fears that members of the Joint Fiscal Office had become philosophically aligned with House Democrats.

Multiple informants recall daily contact between senators and Dean administration finance officials as they sought to craft a school funding measure. Both administration and Senate Finance sources recall a similar process with regard to their collaborative working relationship. A Dean informant described the process from his perspective:

We would be printing stuff out by town. We would take the model, you know, and [the senators] would come in the morning and look at it and give us their comments from the night before. By the end of the day, we would have rerun it trying to fix the problems that they had. They'd come at the end of the day, pick up the documents, take them home and then come back the next morning.... Finally, we got the concepts down, with the grand list per pupil and the sharing pool and all this kind of complicated stuff. We got to a point where we were not into the income tax, we're sweetening income sensitivity. (Informant 15)

A Senate informant provided a similar description of the policy development process:

We would need daily calculations of "OK, if we set this as the base tax rate how much revenue are we going to get?" And, you know, "How much was education costing?" You had to do it really by town... Of course as a senator, as a politician, you wanted to see your towns; you want to make sure that too many of your towns weren't going to be pounded.... So what we did was we continued to change the way we would tax towns and their grand lists so we would go back and say, "If we raised the level of where we're going to start taxing or making them a sending town rather than a receiving town, how high can you go?".... So that's why we used the [governor's] finance office to do calculations. They were with us nearly every day. Every day we would go over and say, "What if we do this?"

How will that affect it?” and they would do the calculations and tell us how it affected different towns. (Informant 04)

Finally, a proximate observer described the relationship in the following way:

The Senate worked really closely with the governor. I remember there were a series of negotiations. There were some key members in the Senate finance committee who would go up to the fifth floor. They negotiated and came up with their own parameters, what they were willing to accept... It was different. It wasn't as far reaching. It wasn't the income tax but they created the hybrid. (Informant 17)

Out of this alliance came the Sears/Greenwood plan, which served as a catalyst for the Senate Finance Committee's development of a moderate, bipartisan school funding measure.

In an interesting aside, one informant recalled how on one occasion the Dean administration attempted to use its newfound alliance with Senate Finance moderates to marginalize the committee's more liberal members, including Senate Finance Chair Cheryl Rivers. According to this informant, Dean sought to undercut Rivers on her school funding revenue package by negotiating behind her back. The informant described a secret meeting convened by the governor:

Oh yeah, they were going to throw [Cheryl Rivers] over on her revenue package. The plan was to get rid of her as a player.... So they must have had Shumlin, Sears and Greenwood. I don't know if Doyle was in there or not. But they didn't have Rivers and McDonald and they didn't have Baehr and they tried to cut a deal except Kathy Hoyt was Secretary of Administration. She gets to the meeting and she says, "Where's Cheryl?" Oh, Cheryl hadn't been invited. She said, "You can't do this, Governor." So somebody came to get her. (Informant 10)

The informant indicated that Rivers was furious at both Dean and Senate Pro Tempore Peter Shumlin for their deception. Although this particular maneuver did not result in any deal, it highlighted the low key, "behind closed doors" negotiating approach preferred by the governor and his staff on the school funding issue.

Senate Leadership

As in the House, the *Brigham* decision enhanced the Senate leadership's relative power within the leadership arena by providing the justification needed to pass out a statewide property tax – a longstanding goal of Senate Democratic icons such as Scudder Parker who had pushed for a statewide property tax during the 1980s (Informants 10, 14). As noted earlier, a statewide property tax satisfied the *Brigham* mandate by dissolving the relationship between a town's property wealth and its per pupil expenditures. To pass their bill, the Senate Finance Committee relied on the chamber's generally amicable working relationships as well as its consensus-driven approach to policymaking.

When contrasting the working relationships in the Senate from those in the House, one informant noted: "The Senate always works better together" (Informant 01). Respondents attributed this heightened cooperation to the moderating forces of the chamber's larger districts and intimate scale (Informants 08, 01). As a result, senators are believed to "have a better policy sense of the big picture" (Informant 08). Indeed, senators spoke with pride of their ability to work consensually and productively in an independent setting (Informants 10, 02, 04). For example, one senator explained his opinion that the Senate emphasized policy over politics:

The politics of the House are very different from the politics of the Senate. In the Senate, my view of the Senate is we were the last stop as the train is leaving the station... When it came it to the Senate, we have a different attitude. We wanted to make it the best it could possibly be. (Informant 02)

Efforts to foster a positive working environment can be seen in the Senate Finance committee's decision to conduct a joint information gathering tour before commencing

their work on the school funding bill. One informant recalled the study tour's positive impact upon committee members in the following manner:

We got a van. We started going around the state to carefully selected places to listen to the public and that was the best thing that we did because it was then I knew we could do it [i.e. pass a school funding bill]. (Informant 10)

The bus tour not only nurtured better relationships among newly appointed committee members, but also focused their attention on the vast disparities between property poor and property wealthy school districts in the state. Two informants recounted their committee's tour experiences at two very different stops:

So I said, "Wait a minute now." I went to the town to say, "Why don't you people provide a better education with more equipment, better textbooks?".... It was because the people in that town were very poor and there was no grand list. I mean the properties weren't worth much so the only way you could raise money is you would have a tax rate that is five times greater than a gold town. (Informant 04)

The public hearings strengthened my resolve. You go up to [the gold town] South Burlington and they say, "Oh, we'll lose the string program." What the hell? You've lost me. What is the string program?... Up there, they've got kids in closets getting tutored. "OK, so we might lose the string program. I would hate to see that happen. However, something tells me you won't lose your string program. You'll find a way.".... My committee members they listened to that for a while and it was just striking, really. I think they had the reverse effect than they intended. Sometimes that happens in public hearings. If you let people go, it's like "Whoa." (Informant 10)

In the weeks following, senators relied on the common understanding fostered by the bus tour to engage in a policymaking strategy aimed at attracting the support of Senate moderates. With a 17 to 13 majority, Senate Democrats could have mirrored the House's process of muscling their own liberal school funding bill through the Senate. However, the leadership decided to take a more consensual approach and proactively sought bipartisan support. In many respects, this was a natural strategy for a more centrist

set of Democrats whose leader, Senate Pro Tempore Peter Shumlin, had previously aligned himself with Governor Dean on the issue earlier in the legislative session. The moderate approach also better suited a chamber where many Republican members had spent the last two biennia shunning any form of school finance reform. Finally, it suited the consensual style of the Senate, where compromise was a more common aspect of policymaking (Informants 04, 08, 01).

Documentary and informant data indicate that Senate Finance Committee Chair Cheryl Rivers led the way with this inclusive approach (Graff, 1997; Allen, 1997, “The Right Attitude,” 1997). According to one informant: “Cheryl Rivers positioned herself as being the great compromiser” (Informant 10) in that she sought consensus by blending the Racine Plan with the Sears/Greenwood Plan. In the process of charting this middle course, Rivers worked to keep moderates Sears and Greenwood on board. One proximate observer recalled that each iteration of the Senate’s proposal was developed with these two in mind: “Here is a plan. What will Dick and Jim think of it?” (Informant 17).

As a Republican collaborating with a Democratic majority seeking bipartisanship, Jim Greenwood attracted particular attention. His decision to join the school finance negotiations elevated his status and provided leverage for his policy goals. Multiple informants recalled how his savvy politicking reaped rewards for his district in the Northeast Kingdom:

[The bill] was going to pass, no doubt about it. Totally was going to pass. That’s why Jim [Greenwood] had some things in there that were good for the Northeast Kingdom. (Informant 02)

In the Senate, you had Jim Greenwood from Newport and he hated the *Brigham* decision. He really did. But he said, “What can I do to make sure this works well for my constituency?” (Informant 19)

The small school provision was given to Jim Greenwood to get his vote, to be candid. Basically, what it said was that small schools would be reimbursed... would be weighted to get additional revenues from the state. That's how we brought Jim's vote in. (Informant 14)

Through this elite bargaining process, Finance Chair Rivers passed H.527 out of her committee with six of the committee's seven members voting in the affirmative. In a letter to Senator Rivers, Kathy Hoyt, Governor Dean's Secretary of Administration, lauded Rivers' performance with regard to the successful negotiation of H.527 by noting: "Your consensus-oriented leadership has allowed a plan to emerge that may balance the many competing interests involved in this complex issue" (Personal communication, May 12, 1997). The news media similarly congratulated Rivers and her committee for their conciliatory approach to the negotiation process. *Burlington Free Press* columnist Susan Allen (1997) commented: "Rivers pulled a balancing act worthy of the Wallendas, juggling Statehouse factions while quieting public fear of reform" (p. 1E). Associated Press Reporter Chris Graff wrote that the Senate Finance Committee "...forged a compromise that goes a long way toward meeting the needs of the property poor communities while easing the fears of the property rich communities" (Graff, 1997a, p. 6E). Finally, the *Burlington Free Press* editorial weighed in with the following commendation: "The property tax reform bill... was designed by consensus. Crafted by a Democrat and a Republican on the Senate Finance Committee, and supported by all but one panel member. It has clout" ("The Right Attitude," 1997, p. 8A).

Leadership Arena
Post-Brigham: Concluding Interactions and Outcomes

While relying on different combinations of resources and strategies, both the House and the Senate successfully passed out their own version of school funding bill

H.527. Per Vermont legislative regulations, these bills passed to a Committee of Conference where their differences would be reconciled by a group of six legislators – three each from the House and Senate. Mazzoni (1991) termed the conference committee a leadership arena *par excellence* because it provides an even more insulated setting for elite bargaining among top-level officials. In the conference committee, a small number of selected representatives are empowered to negotiate a final bill that legislators must accept or reject in its entirety. No subsequent alterations or amendments are permitted. This stipulation means that the negotiating team wields wide authority in determining what the final policy measure will contain. It also means that even the most powerful interest groups can be shut out of the policymaking process if they are not represented at the bargaining table. Thus, substantial positional resources accrue to legislative leaders in a position to appoint like-minded legislators to the conference committee.

Although the House and Senate responded to the *Brigham* mandate with two very different funding mechanisms, the underlying goal of each was to spread the burden of school funding more evenly across the state and to tax Vermonters more on their ability to pay than on the value of their home. These shared goals boded well for advocates of reform who had been seeking the implementation of such measures for several years. Pro-reform advocates also benefitted from Governor Dean's stated support for a measure that generally resembled the Senate version of H.527. In a letter addressed to the Conference Committee, Governor Dean outlined his acceptable policy parameters for a final bill: 1) new general fund taxes not to exceed \$49 million; 2) the elimination of Powerball as a revenue source; 3) a uniform statewide property tax rate, preferably set at a rate of \$1.10 per \$100 of assessed property value; 4) local spending permitted above the

block grant; and 5) the inclusion of an income sensitivity provision similar to the one included in the Senate bill (H. Dean, personal communication, May 28, 1997).

The Conference Committee commenced on May 27, 1997. Majority Leader Paul Cillo, John Freidin, Vice Chair of the Ways and Means Committee and Martha Heath of the Education Committee represented the House on the committee, while Senate Pro Tempore Peter Shumlin, Cheryl Rivers and Jim Greenwood, all members of the Finance Committee, represented the Senate in the negotiation process. That both the House Majority Leader and the Senate Pro Tempore essentially nominated themselves to serve on the committee signaled the issue's high legislative agenda status. It also meant that Democratic policy priorities would be well represented.

Statehouse journalists described an intense interest in the negotiations among the state's lawmakers, lobbyists and legislative staff members. In covering the first day of negotiations, one journalist reported that 80 bystanders had packed themselves into a small conference room to observe the negotiations, which per Vermont's open meeting law were required to be held publicly. Informants also remembered keen interest in the negotiations, with one informant calling the scene "crazy" (Informant 13) and another recalling that "[t]here were House members crowded around everywhere" (Informant 10).

Because the bill originated in the House, Vermont regulations stipulated that a Senate member chair the Committee of Conference. The committee selected Cheryl Rivers to chair as she had overseen the development of H.527 on the Senate side. Rivers commenced the reconciliation process with 29 outstanding issues that needed agreement (C. Rivers, personal communication, May 17, 1997). To reconcile these issues as quickly

as possible, the committee developed a process where they divided into three two-person groups. John Freidin and Peter Shumlin were tasked with resolving outstanding differences with regard to forest and farmland current use provisions. Martha Heath and Jim Greenwood negotiated transportation and education quality issues. Finally, Cheryl Rivers and Paul Cillo took the lead on negotiating the school funding mechanism. An informant described the Conference Committee's process as follows:

We divided up the issues this way: We said, "OK, we need to work out some of these mechanisms." We made an issues list. Then we assigned them to teams from each side to work out.... It did resolve a bunch of issues because people came back and said, "We've worked out a plan. Here's our plan." The rest of the committee would say, "OK that sounds good" because it was a credible person from each side coming back. (Informant 03)

Documentary reports indicated that by using this negotiation strategy, the Conference Committee quickly dispatched with issues surrounding the education quality, transportation and current use portions of H.527 (Committee of Conference on H. 527, committee communication, May 27, 1997). The committee then turned its attention to negotiating the bill's most high-profile component, the school funding formula. According to one informant: "It was very clear that the Senate wasn't going to move to pure income" (Informant 13). In fact, Committee Chair Rivers had made this point on the very first day of conference proceedings when she noted publicly:

I've gotten to the point where I'm a very pragmatic person. It's no secret that while I certainly have a lot of affection for the income tax... that proposal had no chance of passage in the Senate or even the Finance Committee. (Lisberg, 1997c, p. 10A)

Indeed, this statement came as no surprise to House negotiators who had spent the last two months observing the Senate's policymaking process. However, according to one

House member, Cillo and his fellow House negotiators remained highly motivated to negotiate an income tax provision. In the words of this informant:

It's what they believed in. It's what people in the House wanted. In the House, that's what we were hearing in our communities: "We want it based on our ability to pay." [We were hearing it] in enough communities to be the majority of votes (obviously not the property wealthy communities). We wanted it on the table. (Informant 13)

One informant recollected Paul Cillo's negotiating stance on the income tax issue:

He said, "Cheryl, I need the income tax that's a big thing that's in the House plan. You guys have this rebate thing. That's not going to cut it. We need the income tax." And she was going, "You know I don't think I can pass an income tax and Howard's not going to sign an income tax. Why push this?" He said, "I am not giving up on the income tax. This is mainly what the House did." (Informant 03)

Faced with this impasse, informants indicated that Cillo "did what he had always done" when he needed technical assistance and consulted with Deb Brighton to develop "an income tax that didn't look like an income tax" (Informants 03, 10, 06). An informant discussed the approach Cillo and Brighton eventually devised to circumvent the governor's and the Senate's income tax prohibition:

We could give people the choice. Who could argue against choice? You're not telling people they have to pay based on income but you're giving them the opinion based on income so you're not forcing it on anybody. But it would be a way of preserving our income thing. So we'll allow people to pay their school taxes either based on property or based on income. (Informant 03)

This concept met with the Senate team's approval (Senate Conferees, committee communication, June 4, 1997). However, cost constraints led the negotiating team to put an income cap in place for those households who would be eligible to choose their payment method. A conference participant described the negotiating process that subsequently led to the leveling of a \$75,000 income cap:

The next question was what kind of a cap will there be? I wanted it to be “no cap” on who was eligible [to pay using the income option]. Then it started to be \$125,000, then \$100,000 because every time you cut it down it cost less money and reduced the general fund commitment so we ended up at \$75,000. (Informant 03)

Under a final plan agreed to by conferees, taxpayers with household incomes of \$75,000 or less (approximately 80 percent of Vermont households) could choose to pay their school taxes by paying the lesser of either: 1) two percent of their annual income on property taxes levied against their house and two acres; or 2) the standard amount levied through the statewide property tax rate on their home and two acres. Regardless of choice, any remaining acreage would be taxed at the standard statewide property tax rate. Informants indicated that Conference Committee members derived the two percent figure from the statistic that Vermonters with incomes over \$75,000 paid, on average, no more than two percent of their income on property taxes (Informants 03, 06, 13).

While this compromise would help the majority of Vermonters to see reductions in their property tax bills, some citizens lived in towns where property was worth so little that they would not see relief under the “income sensitized” option because they were already paying less than two percent of their income in property taxes. In a move to shore up the support of lawmakers from these towns, the conferees decided to include a \$15,000 homestead exemption. One informant called this provision “nutty” because these residents already paid very little in property taxes (Informant 08). However, others viewed its inclusion as a helpful vote getter:

We had to do a homestead exemption as well because the income sensitivity wasn't going to give tax relief to people in poor parts of the state. We weren't going to get any votes from the property wealthy towns but we needed the Northeast Kingdom votes. So we added a homestead exemption. (Informant 13)

That \$15,000 doesn't really fit with anything but that was to get the votes from people who wouldn't see any benefit from the income provision. (Informant 06)

Maybe they don't need a property tax break. Maybe they're not paying that much. But, you know, as a politician you have to win. Your constituents need to get something. (Informant 08)

Informants indicated that Joint Fiscal Office Consultant Deb Brighton played an integral role in devising the formulas required to enact this highly complex funding plan. As one participant noted: "[She] spent a lot of time on the technical aspects of the bill that we all benefitted from.... Without Deb's help, it would have been difficult" (Informant 10).

In a memo to the House Democratic caucus dated June 7, 1997, Paul Cillo and Sally Fox indicated that the majority of the Conference Committee's 29 initial differences had been settled. However, two sticking points remained: the general fund revenue package and the level of state's reimbursement for local special education expenses (P. Cillo & S. Fox, personal communication, June 7, 1997). On that same day, the *Burlington Free Press*' front page blared: "Education Funding Talks Falter" (Remsen, 1997). In negotiating the general fund revenue package, House conferees sought \$65 million in new general fund taxes while the Senate team drew the line at \$56 million in new taxes. The *Burlington Free Press* quoted Senator Jim Greenwood as being steadfastly opposed to increasing new taxes to the level demanded by the House negotiating team: "I have a very difficult time to get any where near \$65 million. It was a real stretch to get me to \$57 million. (Sneyd, 1997d, 1B).

Primary and secondary source data attribute the difference between the House and Senate tax package to the House's desire to reimburse 70 percent of school districts' special education expenses (Informants 10, 03; Sneyd, 1997d). In their version, the

Senate had limited reimbursements to 50 percent. On informant described the disagreement with regard to special education funding:

There was a major disagreement about what level to spend to fund special education. That was one of the most difficult things for the Conference Committee. You know, I couldn't argue with their goal. It was good. My limitation was the size of the revenue package that I could get past. You know, it was out of sight. I knew I couldn't do it. Even if I vote for it, I couldn't get the votes to do that and Howard wasn't for it. I tried to explain that to them and it, you know, they had a narrow focus so that was the most difficult part in the Conference Committee. (Informant 10)

Another recalled this impasse as the low point of the Conference Committee's negotiation process:

The only time that I can remember just feeling totally scared was Conference Committee. We got to Conference Committee and I can't even remember what the issue was but Cheryl just wasn't going to buy it. I remember meeting with Paul and Cheryl and some people from the Joint Fiscal Committee.... That was the only time that I felt like "What are we going to do now?" But until then everything was sort of reasonable. (Informant 06)

In the end, the Senate and House conferees worked with Governor Dean's Secretary of Administration, Kathy Hoyt, to negotiate a final general fund tax package that raised \$58 million in new taxes and allowed for a 60 percent reimbursement of local special education expenses. A conferee expressed her surprise with Dean's readiness to compromise on the funding issue:

A big challenge before we went public with [the Conference bill] was to get Howard to go along with it.... There was some part of the revenue package that I wasn't sure the governor would go for. I remember talking to Kathy [Hoyt] and she said she'd talk to the governor. She called back and said, "OK" and I'm like, "What did you do? What did you do?" I couldn't believe it. Maybe, in retrospect, [the Senate] had done a lot to protect him from a lot of other things [the House] wanted to do, so he should have gone along with it. He couldn't just keep going, "No, no, no." But I was surprised that she could get him to go along so quickly. (Informant 10)

Primary and secondary source data indicate that Dean's willingness to go to \$58 million in new general fund taxes, from a previously stated limit of \$49 million, was contingent upon the removal of Powerball lottery revenues as a funding sources (Lisberg & Remsen, 1997; Informant 10). An informant congratulated the Senate's foresight in including Powerball as part of their general fund revenue package:

...it was Powerball that we put in knowing that it would go because Howard didn't like it. Oh it was a very valuable little thing for us to put in because I knew the governor didn't like it and the governor wanted it out. (Informant 10)

Using Powerball as leverage, the Conference Committee successfully negotiated an additional \$9 million in new general fund revenues. To make up for the loss of Powerball revenues, the committee slightly increased the gasoline tax, corporate income taxes and brokerage fees.

Relying on a potent combination of positional authority, common underlying goals, strong leadership and technical expertise, the Conference Committee members engaged in strategic negotiations to devise a bill that broadly reflected the contours of the Senate bill, including the Senate's use of a larger block grant, an income-sensitive property tax for lower income Vermonters, a uniform statewide property tax rate for both residential and non-residential property, and a second-tier spending option that relied upon property tax (rather than income tax) to fund it. Specifically, the bill included a statewide property tax of \$1.10 per \$100 of assessed value on all property and raised an additional \$58 million in state revenue largely through a four-cent increase to the gas tax, a two percent increase in the rooms and meals tax, and a one percent increase in the purchase and use tax on vehicles and automotive parts. Families making under \$75,000 would be not compelled to pay more than two percent of their income on property taxes.

Money raised from this plan would provide a \$5,000 block grant to each student with provisions for additional funding based on special needs. Towns wishing to spend more than the amount of the block grant would be able to levy an equalized yield local property tax.

On June 12, 1997, H.527 passed the House by a vote 87 to 56 and the Senate by a vote of 22 to 7. Two weeks later, on June 26, 1997, Howard Dean signed the *Equal Educational Opportunity Act* into law in Whiting, Vermont, with lead plaintiff Amanda Brigham by his side. Analysts estimated that the measure succeeded in reducing property taxes for the residents of approximately 200 towns, while increasing property taxes for the residents of an estimated 50 previously low-tax towns (Hoffman, 1997). Summing up the work of Vermont state leaders on this issue, one informant commented: “Howard Dean was certainly more moderate than I would say Paul and John and Cheryl but they worked through it and found a way to find something that everybody could buy into” (Informant 08).

Mazzoni’s (1991) arena model stipulates that the leadership arena’s ability to serve as a locus of innovation by translating its impressive power into policymaking influence depends upon four factors: 1) unity among top-level actors; 2) a willingness to commit influence resources; 3) an issue’s lack of public visibility; and 4) weak countervailing pressure from interest groups and grassroots constituencies (p. 125). As Mazzoni notes: “When these conditions hold... then the leadership arena is one where reform proponents can successfully press forward with their legislative priorities” (p. 131).

This analysis of the policymaking process relating to the passage of Act 60 demonstrated that the *Brigham* decision unified House and Senate leaders in a manner that allowed them to jointly pursue the goals of student equity as well as taxpayer equity. The analysis also demonstrated legislators' willingness to commit resources on behalf of these goals. This willingness was particularly evident among House leaders such as Paul Cillo and John Freidin who essentially dedicated their legislative careers to enacting school finance reform. Despite the very high profile of the issue in Vermont, these pro-reform advocates were able to utilize an impressive array of resources, including technical knowledge, preparedness, political savvy and positional authority, to largely exclude the opposition from the policymaking process. The absence of countervailing forces within the legislature following the *Brigham* decision and Governor Dean's relative lack of engagement on the issue proved especially critical to the pro-reform camp's ability to enact non-incremental policy change in the form of Act 60. Act 60 signaled a sea change in the manner in which Vermont funded its schools and provided a huge win for those long seeking a way to more evenly distribute the burden of school funding across the state.

Gauging a Win: Interpretation of the Policymaking Process

This chapter arrayed case findings according to the constructs of the conceptual framework guiding the study. Relevant actors, along with goals, motives, resources influence strategies and interactions have been examined in each of the four policy arenas outlined in the Mazzoni Model (1991). The evidence gathered from interviews as well as from primary and secondary source documents and categorized according to the components of the conceptual framework provides a plausible explanation for the

passage of a non-incremental school funding measure in Vermont. This final section aggregates the data in an attempt to develop conclusions regarding the final policy content, relevant actor resources, effective strategies and tactics, and to explain the broad influence patterns that produced the final outcome. As stated in Chapter Two, employing multiple power assessments develops an overarching analytic interpretation of actor influence. With this fact in mind, a broad portrait of actor influence will be developed by taking into account: 1) the content of the policy outcome with respect to actors' goals; 2) reputational assessments of power; 3) assessments of available resources; and 4) evidence of issue suppression. This multiple methods approach will create a composite portrait that gives a strong vote of confidence to a researcher's findings concerning the power of key actors or groups (Pfeffer, 1981; Gamson, 1968).

Decision Outcome Method

The decision outcome method for assessing power examines policy outcomes in light of actors' goals as a means to gauge influence. In this approach, power is assessed through an analysis of political winners and losers. The case narrative describes how, over a period of five years, pro-reform advocates steadfastly fought to enact a school finance reform package that more equitably distributed taxing burdens and school funds across the state of Vermont. Study data support the claim that their efforts culminated in the passage of Act 60. Informant reports indicate that pro-reform advocates, notably Representatives Paul Cillo and John Freidin, developed five clearly enumerated policy goals that undergirded their influence attempts with regard to the issue of school finance reform. These goals, which remained consistent over the course of three legislative biennia (Informants 07, 08), provide a useful yardstick for measuring whether or not Act

60 constituted a win for the pro-reform faction. Their five goals included: 1) reducing property taxes; 2) equalizing the ability of all towns to raise money for public schools; 3) basing school taxes on “ability to pay” principles; 4) taxing farm and forest land at current use prices; and 5) creating a system where every single school district had the identical interest and stake in state aid to education.

A review of the components of Act 60 supports the claim that its passage constituted a win for the pro-reform camp on all five counts. With regard to the first goal, the infusion of \$58 million in additional annual general fund tax revenue, the introduction of a \$1.10 statewide property tax, a guaranteed yield second tier property and the income sensitivity provision served to reduce taxes for the vast majority of Vermonters. As noted earlier, newspaper reports estimated that Act 60 reduced taxes for residents of 200 towns and increased taxes for residents of 50 towns. (Hoffman, 1997). Those Vermont homeowners that did see tax increases resided in the historically low-tax gold towns.

In terms of the second goal, Act 60 equalized the ability of all towns to raise money through the use of a uniform, statewide property tax, a block grant and a guaranteed yield second tier property tax. All school funds raised above the block grant were pooled and reallocated back to towns based on their tax effort so that equal dollars were provided to each town for equal taxing effort. Informants described the equalizing aspects of Act 60 as follows:

[It included] a statewide property tax delivering a per-pupil block grant to each district and if you wanted to spend more then we had this other pot of money outside the education fund – what we call the above block spending. It was a guaranteed yield or equalized yield. So it was a mathematical calculation that would determine what the tax rate needed to be to scale it so that the more you spent, the more you raised and the more you paid. (Informant 16)

We almost have an absolutely equal system here. It really is that your equalized penny raises the same amount of money no matter where you are and you can't backdoor it. (Informant 15)

You can't maintain equity, fund schools in a fair way, meet the demands of *Brigham* and design a better system than we designed. The fact that it has held up all these years is pretty unusual for school funding formulas. (Informant 14)

The third goal concerned reformers' efforts to make sure that education taxes reflected a taxpayer's ability to pay. This concern hinged on their belief that property value no longer served as an accurate reflection of many Vermonters' wealth. The refusal of Howard Dean and the Senate to consider the use of a true income tax meant that legislators relied on the use of an income sensitive property tax as a proxy. However, with approximately 80 percent of Vermont households eligible to pay their taxes using the income sensitivity option, the vast majority of Vermonters could pay in accordance with their annual income. Informants concurred that the majority of Vermonters now pay their property taxes based on their annual household income:

Dean succeeded in not getting it added to the income tax but in essence we ended up with an income tax. (Informant 18)

John and Paul had one bill that was going to impose an income tax and I believe that is when the splitting of the grand list [between residential property and non-residential property] was done because you obviously cannot impose an income tax on non-residential property owners. So they wanted to be able to keep drawing property tax revenues from the non-residential base while using the income tax to draw money from the residential base. What has finally happened was exactly that plan, because 75 percent of Vermont homeowners and renters pay according to their income. (Informant 20)

They did put in that income sensitivity, which, in reality, right now we do have a local income tax for education.... if you look at it closely you'll see that a lot of people are paying based on their income, not on their property values. (Informant 16)

The fourth goal related to making the state reimburse localities for property taxes lost when taxing property at its current use rate rather than its fair market rate. This popular land conservation measure protected farm and forest land from being sold by farmers and other property holders who could not afford fair market property taxes on large tracts of land and was included as a stand alone provision in Act 60.

Finally, pro-reform advocates sought a funding mechanism whereby legislators from all districts would be equally interested in ensuring that the state fully funded its education aid commitment. Reform advocates pushed for such a provision because they believed that a major flaw in the Foundation Plan had been the lack of incentive for legislators from property-rich districts to fully fund state aid to education because their district did not receive a benefit. Informant data indicates that Act 60 succeeded in putting all Vermont towns “in the same boat” (Informant 21) with regard to state aid to education:

Now the big success is that it is absolutely funded and people fight over it... The politics of that was one of the big successes that I think Paul envisioned and it worked (Informant 08)

So now there are no representatives who are proud about reducing state aid to education. (Informant 07)

Legislators know that if the towns are going to be funded, it has to be enough money or everybody gets hit. (Informant 16)

But once Act 60 was there... we were both arguing for full funding of special education and for full funding of current use – the property wealthy towns and the poor towns. It has the same impact. If you’re going to underfund special education it’s going to have the same impact in Stowe as it does in Richmond. (Informant 21)

Table 5.1 displays the pro-reform contingent’s policy goals along with the components of Act 60 that correspond to these goals.

Table 5.1 Summary of Pro-Reform Policy Goals and Corresponding Components of Act 60

Pro-Reform Policy Goals	Corresponding Component of Act 60
<ul style="list-style-type: none"> • Reduce property taxes 	<ul style="list-style-type: none"> • \$58 million in additional annual general fund tax revenue • \$1.10 statewide property tax • Guaranteed yield second tier funding option • Income sensitivity for household incomes of \$75,000 or less
<ul style="list-style-type: none"> • Equalize the ability of all towns to raise money for public schools 	<ul style="list-style-type: none"> • \$1.10 statewide property tax • \$5,000 per-pupil block grant • Guaranteed yield second tier funding option
<ul style="list-style-type: none"> • Base school taxes on “ability to pay” principles 	<ul style="list-style-type: none"> • Income sensitivity for household incomes of \$75,000 or less
<ul style="list-style-type: none"> • Tax farm and forest land at current use value rather than fair market value 	<ul style="list-style-type: none"> • State reimbursement to localities for lost property taxes due to taxing land at its current use value versus its fair market value
<ul style="list-style-type: none"> • Create a system where every single school district had the identical interest and stake in education funding 	<ul style="list-style-type: none"> • \$1.10 statewide property tax • \$5,000 per-pupil block grant • Guaranteed yield second tier funding option

While Act 60 succeeded in meeting the broad reform goals outlined by Cillo and Freidin, reform proponents were not absolute policy victors because Act 60 was undoubtedly a product of bargaining, negotiation and compromise. The policy proponents’ “win” involved compromise with and concessions to the policy stances of other powerful players, notably the governor and the Senate opposition to the use of an income tax to fund schools. Informant and documentary data support the conclusion that bargaining permeated *all* aspects of the policy development process from determining property tax rates to special education reimbursement rates to the income sensitive eligibility income level to the general fund tax package. Political compromises resulting from this bargaining process helped policymakers to strike a balance between the need to satisfy *Brigham’s* requirements and the political imperative to deliver benefits to

constituents. As one informant noted: "...you know, as a politician you have to win. Your constituents need to get something" (Informant 08). Many informants described how compromise proved an integral aspect of the policymaking process:

My main point that year was there wasn't one person who felt that Act 60 was *the* solution or *the best* solution. It was the solution that got enough votes to pass and there had to be a lot of horse trading to make that happen. So if you were to hand anyone and everyone a blank piece of paper and say, "How would you start off by financing education?" it would have been an entirely different result. (Informant 01)

I think basically it would be so nice to be able to do something that's just really pure but you just know that's not going to get through. (Informant 06)

But politically, sometimes, you just have to realize that it's hard to get everything all at once. What we got was historic and substantial. (Informant 10)

Right or wrong, I think it showed that two parties even in an extremely controversial issue can work together in a moderate way. I don't like all parts of Act 60. I don't today because I am a little bit locally oriented and I do think some of my colleagues have a good point that the state doesn't necessarily do a better job than the local government. At the same time, I saw the great inequity of poor towns' students getting a far inferior education to a rich town and that bothered me. (Informant 04)

So essentially [Paul] worked with Catherine Benham, Cheryl Rivers, Martha Heath a little bit because she's a mathematician and probably a little bit with [Peter] Shumlin and they essentially cut a deal and came up with this cockamamie system of income sensitivity.... It was a messy solution. (Informant 07)

I thought the bill was the best we could possibly make it. Was it perfect for me? No. Was it better than what we had? Well it was constitutional. (Informant 02)

I never liked the sharing pool [but] we went with it. (Informant 03)

Partisan proponents' willingness to make concessions reflected the limitations of their power as well as a political strategy to ensure the measure's passage. These actions also reflected the pluralistic power-based policy formation process outlined in Mazzoni's

(1991) arena model. However, while informants viewed compromise as politically necessary to secure Act 60's passage, they believed the numerous concessions made the bill highly complex and, thus, confusing to average Vermonters:

One of the complications is the whole income sensitivity is essentially designed to make property tax look like an income tax and the algebra gets so complicated that nobody can quite explain it. (Informant 02)

So they thought they had this wonderful solution that did take income into account. But it was too complicated for any person to understand. So when they would stand there and say, "OK, well either you can you're going to pay your education tax based on *this* or you will pay it thorough your income tax, no more than three percent *all this*." There was no one who could understand it. It was just way too complicated. (Informant 01)

I remember John Freidin would come back into the committee and set up at the blackboard working [the bill] through and one time he described what we now have and he realized after about 45 minutes that he was wrong and he had to go back and talk to Paul to get it right. It was that complicated. It was just hard. (Informant 21)

[After Act 60] we used to be constantly on the road doing presentations. One of my first ones I went to one of the towns that wasn't a happy town and I had [my presentation] on a Power Point overhead with slides and I did this full presentation. Here we were in the gym and the first guy gets up and says, "I work with numbers every day and I didn't understand a word you said." (Informant 16)

When Act 60 came around nobody could explain it and you could have people standing up there till they were blue and they couldn't explain it and so that really fed into the opponents because the opponents didn't have to explain it, they could just criticize it. (Informant 01)

As the last informant noted, the bill's complexity had negative implications for the implementation process as policy opponents latched on to the bill's many imperfections as a means to criticize it and as a justification to try to block its enactment.

Reputational Assessment Method

To further validate assertions made using the decision outcome method, this analysis will employ the reputational method as a means to assess actor influence. The

reputational method for assessing power eschews the tallying of decisionmaking outcomes in favor of tapping people's perceptions of patterns of influence and authority. Newspaper articles and interviews with those involved in the policymaking process identified Paul Cillo, John Freidin and a small cadre of affiliated political actors, including Cheryl Rivers, Deb Brighton, and Martha Heath, as instrumental in securing the passage of Act 60. Informants credited these actors with bringing awareness to the issue, devising creative policy solutions and pushing for the enactment of these solutions across policy arenas. While all of these policy actors were given their due for their critical thinking and hard work on behalf of school finance reform, documentary and informant data particularly recognized Paul Cillo and to a lesser extent John Freidin as the lynchpins of the reform movement. For example, *Burlington Free Press* columnist, Jeffrey Good (1997f), praised Cillo and Freidin for carrying the school finance reform torch in the years preceding the Supreme Court's *Brigham* ruling:

1997 will be the Year of Property Tax Reform, and there's no shortage of lawmakers lining up for credit. The one who deserves the most recognition, however, is the one least likely to seek it: Rep. Paul Cillo, D-Hardwick.... For better than five years Cillo has worked against long odds to narrow the gap between have and have-not in the school funding system. He hasn't done it alone; Rep. John Freidin, D-New Haven, and other lawmakers also have played key roles. But many credit Cillo for keeping the effort alive before the Supreme Court demanded reform this year, and for keeping it together since. (p. 1E).

In interviews, informants similarly lauded Paul Cillo, John Freidin and their small group of legislative allies for their efforts on behalf of passing comprehensive school finance reform legislation:

Paul and John were the architects of all this [i.e. Act 60] They are extremely smart people... They're highly intelligent, very sophisticated thinkers. So that also lent a great deal to getting this done correctly. (Informant 19)

Paul pulled this together. Paul is really brilliant in figuring this stuff out. (Informant 06)

I see Doug [Racine] as the person who was absolutely critical in terms of the aftermath. But the prior scribing, that was done by Paul Cillo. (Informant 12)

So Paul and John Freidin, you know, it was remarkable what they did. (Informant 01)

I know Catherine Benham and Deb Brighton – I call them the mothers of Act 60 – [they] are very smart people [who] I think were instrumental in some of the mechanisms behind it. (Informant 16)

Martha [Heath], Gaye [Symington], John and Paul were the four legislative people who really were the brains [behind Act 60]. Cheryl [Rivers] was in the Senate at the time and she was also very important in making sure the law passed. (Informant 20)

While Paul Cillo and John Freidin’s technical expertise and political savvy proved integral to Act 60’s conceptualization and subsequent passage, many informants credited the Supreme Court’s influence for providing the force needed to break the decade’s old policy logjam on the school funding issue. As columnist Christopher Graff (1997c) wrote: “It is one thing for a politician to decry a system as unfair, it is another for a court to declare it illegal” (p. 6E). The power of the court’s mandate for change resonated with legislators and compelled reforms that had been previously considered too radical to garner passage. Graff further reflected:

The odds are some type of property tax relief would have passed this legislative session even if the Supreme Court had not declared unconstitutional the system of financing schools. It probably would have done more than the Band-Aids of years past, but there is no doubt it would not have been as sweeping as the legislation enacted this year. (p. 6E)

Interview informants similarly highlighted the court's influence in this regard:

We would still be fighting the same fight we were in the 1980s and 1990s if it hadn't been for the *Brigham* lawsuit. That's just so clear. We'd have the same old fights over the same old issues. (Informant 20)

You know, governors in Vermont had been saying this for 100 years and until the Court forced action... no one would take action. (Informant 01)

No way would Act 60 have passed without the Supreme Court ruling. There would have been something else but not as radically different. (Informant 11)

Thus, without the court ruling, Cillo and Freidin, despite their best influence efforts, lacked the power to deliver a bill with the non-incremental policy change offered by Act 60. However, in the absence of Cillo and Freidin, the *Brigham* ruling might not have found advocates in the political sphere with the skill and will needed to effectively utilize the power of its change mandate. One respondent nicely characterized the critical nexus between policy advocate and propitious event:

I happen to think having Paul and John who had the time and the commitment to really work on this for many years was enormous. And Cheryl Rivers, difficult as she was to some people, she also sort of carried the weight in the Senate for it. I've seen a lot of things fail because the right individual isn't there. Thing is its easy for things to fail in the legislative process. They had the Supreme Court ruling so something was going to have to happen but it could have dragged on for years.... That's where I think the right individual makes a huge difference. (Informant 08)

Mazzoni (1991) refers to skillful policy advocates such as Cillo and Freidin as idea champions. This term is a refinement of Kingdon's (1995) concept of a policy entrepreneur and specifically refers to skilled policy advocates working inside government to enact non-incremental policy change. According to Mazzoni, idea champions, relying on a broad array of resources and strategies, take advantage of propitious moments such as a Supreme Court ruling to "...push their pet solutions or to

push their attention to their special problem” (Kingdon, 1995, p. 165). Citing Daft and Becker (1978), Mazzoni cites three key qualities of idea champions: 1) persistence; 2) persuasiveness; and 3) willingness to push others to accept a policy innovation (i.e. assertiveness). These personal qualities mesh well with those outlined by Kingdon when describing a policy entrepreneur. They include: 1) technical expertise; 2) positional authority; 3) political savvy and 4) persistence. Taken together, these qualities can also be viewed as resources that have utility across policy arenas for actors seeking to influence the policy process. They will be utilized to frame the discussion of actor power vis a vis resources in the next section.

Resource Assessment Method

A resource assessment provides yet another method for gauging power through an examination of the resources available to policy actors. This technique assumes that because influence is exercised through the strategic deployment of resources, potential power can be assessed by estimating the resources available to a particular actor or group and the skill and will with which they are deployed. Detailed accounts of actors’ resources help to determine if the judgment based on decision outcomes and attributional data constitute a plausible interpretation of the policy process. While the resources noted above are just a few of the myriad resources described by policy scholars, they have been identified as being particularly effective in helping actors to influence policy outcomes (Kingdon, 1995; Daft & Becker, 1978).

Primary and secondary source data present Paul Cillo and his political ally John Freidin as hard charging idea champions willing to deploy both personal and positional resources across policy arenas on behalf of their vision for school finance reform. In

terms of *technical expertise*, primary and secondary data paint a portrait of two individuals deeply immersed in the technical minutia of school finance formulas and their associated tax implications:

Paul and John spent almost all of their time outside the committee room, which is not common when the committee is in session... And they spent time just working in a separate room developing their ideas about this [i.e. school finance reform]. (Informant 07)

Paul and John and Deb, and to some extent Martha Heath, were the people who knew the issue, who had worked on it for years. (Informant 13)

I bet Paul and John were the first two people who ever carried laptops to the legislature. Paul got one and he suggested John get one. It would have been hard to do the spreadsheets [without them]. (Informant 07)

Study informants frequently highlighted Paul Cillo's particular ability to conceptualize and craft school funding structures:

When you talk to Paul your going to find a very principled human being there who is incredibly knowledgeable of tax structures. (Informant 12)

[Paul] would be in there with all these stacks of paper and he could rattle [statistics] off. Probably still can tell you haw version x affects Stowe and Greensboro. (Informant 17)

Their deep understanding of the technical underpinnings of school finance legislation provided them with the ability to craft a variety of measures that responded to the prevailing political climate. It also allowed them to act quickly to devise a bill in the wake of the Supreme Court's *Brigham* decision. One pro-reform informant recalled Cillo and Freidin's ability to respond rapidly to the court's mandate:

Once the *Brigham* decision hit, I remember sitting in a conference room in the statehouse and feeling the warm Xerox paper as it had just come out of these models that had been run during this period when we didn't have the political muscle or the court decision behind it. So it was literally: "Take some of that homework that had already been done and put it together." (Informant 12)

With regard to *positional authority*, informant and documentary evidence point to a steady ascent up the legislative political ladder for both Cillo and Freidin throughout the period under study. Informant interview data indicated that both gentlemen entered the legislature purposefully seeking appointments to the House Ways and Means Committee so that they could work on the school funding issue. Each succeeded in receiving his respective appointment during his second term in office. Working together on the Ways and Means Committee, they produced H. 541 in 1994. During the 1995/96 biennium, Paul Cillo subsequently became House Majority Leader. From this perch, Cillo assisted the Speaker of the House with committee appointments and set the legislative agenda for the Democratic caucus. Using the authority of his office, Cillo ensured that John Freidin occupied his former position as Vice Chair of the House Ways and Means Committee. He also ensured that the issue of school funding received top billing on the House's legislative agenda. From his position as Vice Chair of the Ways and Means Committee, Freidin controlled the development of school funding bills that emanated from his committee, including H.351 in 1995 and H.527 in 1997.

Kingdon writes that policy actors who combine technical expertise with *political savvy* are able to exert significant influence in the political sphere. As noted earlier Cillo and Freidin took the time to develop a significant knowledge base with regard to school finance formulas and their associated taxing structures. However, informants also perceived the two as politically astute. Primary and secondary source data support the claim that both gentlemen were well versed in Vermont state policymaking and understood how to pull the levers of power within the system:

Paul is in my mind one of, if not *the*, smartest political minds around and the smartest in terms of public policy. (Informant 07)

So [Paul and John] committed a lot of political energy to understanding the trade – not just the numbers – because Deb Brighton and [redacted] were crunching zillions of numbers. But also the politics of how you put an idea out there and what happens with it? What is the political reaction? What is the public reaction? How do you respond to those issues and what are the real problems with property tax funding? (Informant 08)

Paul and John had gone around the state for years working through the system and developing concepts. They knew the politics of districts really backwards and forwards. They knew all these pieces and how they fit together. (Informant 21)

In an especially revealing vignette, one informant recounted how Paul Cillo understood the influence that even menial legislative positions could offer:

Paul became the clerk of the committee. He developed a regular relationship with the chair and the chair just delegated all of the witness scheduling, selecting witnesses – amazing amounts of power. The vice chair could have done that, anybody could have done that but Paul could see [the power in] setting the order, you can set the whole committee agenda by saying, “ We’re going to do this first, that later.” I mean it was amazing. He was there for four years and he was like running the committee. (Informant 03)

Their understanding of Vermont politics taken in conjunction with their technical expertise and positional authority, allowed the two to pass out of the House three different school funding bills in three successive legislative biennia.

Throughout the better part of the 1990s, Cillo and Freidin invested time and energy amassing the technical expertise, positional authority and political know-how needed to influence the school funding policy process. Their willingness to continue amassing these resources despite legislative defeats in 1994 and 1996 signals a certain level *persistence* on their part. Interview informants credit this persistence as key to their preparedness when the Supreme Court issued its *Brigham* ruling:

When the Supreme Court ruling came along, people think [Cillo and Freidin] just created something quickly but... in fact, it was the result of many years of work. (Informant 08)

They'd been doing all this work since 1994 [the year H.541 passed]. Decision comes out in 1997. Paul and John had been working even before then – 1992? 1993? So you had five or six years of hard thinking about what would constitute a fair education finance system. (Informant 19)

[Paul Cillo and John Freidin] had been doing it for seven or eight years. There was a huge amount of homework being done. Lots of things proposed. Lots of things were run up the flagpole and shot down. (Informant 12)

In the absence of this persistence, informants believed that legislature would not have been able to respond as quickly and as expertly as it did to the court's mandate for change. As such, the legislative outcome could have been vastly different.

In addition to persistence, Cillo and Freidin worked hard to *persuade* Vermonters that their current system of school finance was unfair to taxpayers and students in property-poor towns. They routinely utilized opportunities to appear on television, on the radio or in print to disseminate their views to the general public (Informants 07, 03). John Freidin, in particular, wrote many commentary pieces for local newspapers expounding upon the persistent inequity of the Foundation Plan.

One informant characterized Paul Cillo's persuasive abilities by noting: "Paul was really good at getting people to start thinking about what people should be paying. What's a fair amount for people to pay for school?" (Informant 06). This informant further detailed the impact that persuading others to think in these terms had on the legislative process:

When new legislators came in, they kind of knew this [i.e. the school funding discussion] was happening which is kind of different than when you've got sitting legislators and someone plunks a new idea out there. But instead, now you've got more people coming in, kind of learning from

these other people. Through the years people started being more familiar with the concepts and, you know, this was sort of Paul's work all along. Just sort of hammering away at equity and even the concept of yield. (Informant 06)

Cillo's efforts at persuasion were genuine. By all informant accounts, he and John Freidin passionately believed in the cause of educational equity and did not shrink from seizing opportunities to assert their policy goals across policy arenas. This *assertiveness* is perhaps best captured in their unwavering fealty to the use of an income tax in their school funding proposals despite significant opposition by the business community, the Senate and Governor Howard Dean. Cillo's interest in the use of an income tax first manifested itself in 1992 in the design of the Blue Ribbon Commission's Composite Plan. Although not particularly well developed, the Composite Plan served as the basis for Cillo and Freidin's first joint school funding initiative, H.541, which relied on a statewide non-residential property tax and a local income tax to fund schools. Finally, an income tax provision reappeared in 1997 in the House's version of H.527. Despite Governor Dean's repeated veto threats, Cillo and Freidin wanted an income tax "on the table" (Informants 13, 03). In the end, their willingness to stand firm on their belief that an income tax served as an appropriate vehicle for fostering taxpayer equity paid off in the form of the "income sensitive" property tax provision included in the final version of H.527.

A resource assessment aids in confirming judgments based on decision outcomes and attributional data by gauging whether it is plausible to believe that certain policy actors possess the resources needed to influence policy outcomes. This assessment has confirmed that Paul Cillo and John Freidin, in their capacity as idea champions,

possessed the capacity to influence policy outcomes through resources such as technical skill, positional authority, political savvy, persistence, persuasiveness and assertiveness.

As noted in the reputational assessment section, informants credited Paul Cillo and John Freidin with being the driving forces behind Act 60. However, informants also acknowledge that school finance reform owed a great debt to the *Brigham* decision. Although skilled policy advocates and idea champions, the power of Cillo and Freidin's resources only extended to one legislative chamber. Thus, passing their desired legislation required the cooperation of the Senate and the governor. In the years leading up to the *Brigham* decision, this cooperation was not forthcoming thanks to deep-seated ideological differences in the Senate and Governor Dean's insistence on incremental reform. These policy opponents repeatedly deployed their own ample stores of resources to block the passage of structural reforms devised by Cillo and Freidin.

Not until the *Brigham* decision shifted the balance of power within the leadership arena, were reform advocates able to successfully push their agenda by capitalizing on the "window of opportunity"⁴⁸ opened by the court. The Supreme Court's decision not only provided Cillo and Freidin with additional resources such as a mandate for student equity, it also strengthened existing resources such their technical knowledge, preparedness and vision for change. Conversely, the ruling weakened the resources of issue opponents by declaring their preferred policy initiatives unconstitutional and creating a sense of urgency around the topic. Enabled by the ruling, Cillo and Freidin strategically deployed their resources to obtain a policy "win" in the form of Act 60.

⁴⁸ Kingdon, 1995.

Analysis of Non-Decision Method

The final method for assessing influence is termed analysis of non-decision. This approach seeks to uncover instances where elites may have exerted influence and authority to suppress issues that might compromise their interest and position in society. The arena model's sensitivity to the contextual features of policy arenas allowed for an exploration of the manner in which Vermont's broader socio-political traditions shaped the school finance issue and the dynamics of the policymaking process surrounding it.

The case analysis reveals that gold town residents, municipal interests and business organizations undoubtedly exploited Vermonters' fears of state control and economic downturn to block the implementation of property tax sharing schemes. Informants described the arguments utilized used by anti-property tax reform factions to defend a status quo that benefitted the minority at the expense of the majority in the following passages:

We have strong political interests who favored the system that we used to have. The Chamber of Commerce [and] ski areas, you know, those towns do exert a fair amount of influence because skiing is so important to the economy. They made the argument that [reform] would raise the property taxes way too high... When you're talking about the fact that property taxes might go up a little bit, [the Chamber of Commerce] is the first one there saying, "You know, this is going to kill business. This is bad."
(Informant 18)

...we may not be a gold town this year, but all of a sudden the state is going to be using the property tax for this and this and we're going to become a quote 'gold town' collecting more property taxes and we'll lose for our own school because there is a new pig at the trough which is the state. So I think that was the key to our being able to have the coalition that continued to oppose the statewide property tax. (Informant 09)

If we're not raising our own money and paying for our own schools, we're going to lose control of the schools. Local control was the huge outcry.
(Informant 05)

...they felt there would be strings attached and they wouldn't be able to make decisions about [schools] if the money was coming from Montpelier. Or if this was a state system, then the state would want to exert more control over what went on in the schools. (Informant 18)

These arguments against school finance reform resonated with Vermonters. Over the course of many years, multiple governors attempted to address the vast disparities in property tax rates and per-pupil expenditures between property-wealthy and property-poor school districts through the implementation of measures such as a statewide property tax. However, legislators repeatedly balked at these initiatives despite the fact that they would have reduced property taxes in a majority of towns. This counterintuitive reaction can, in part, be explained by the efforts of privileged groups to reinforce fears of state intervention and economic decline among Vermont citizens. Despite widespread acknowledgement that the school finance system was “broken,” it took the Supreme Court's intervention in *Brigham v. State* to break the political logjam on this issue and to bring about structural reform that prioritized student and taxpayer equity over local control.

Summary

This section employed multiple methods for assessing power to develop a broad portrait of actor influence in the policymaking process. In doing so, this process confirmed that Act 60's policy outcomes aligned with the pro-reform contingent's policy goals. It also confirmed that interview and documentary data point to the role of Paul Cillo, John Freidin and a small group of their reform allies in heightening awareness of the school finance issue, devising creative policy solutions and advocating for the enactment of their preferred policy proposals. Finally, the assessment confirmed that both Paul Cillo and John Freidin possessed the resources deemed essential by political

scholars for serving as effective idea champions. Taken together, this composite assessment offers a strong vote of confidence to the assertion that a small group of pro-reform advocates led by Paul Cillo and John Freidin capitalized on favorable contextual events to influence the policymaking process with regard to the passage of Act 60 in Vermont.

CHAPTER SIX

ASSESSMENT OF THE ARENA MODEL

This chapter attempts to answer this study's second research question: *In what ways does Mazzoni's arena model account for or fail to account for the policymaking process that led to the passage of Vermont's Act 60?* This assessment is carried out in three ways. First, it revisits the rationale for selecting the issue of school finance reform as an appropriate topic and the passage of Vermont's Act 60 as an appropriate site for testing the utility of Mazzoni's (1991) arena model. Second, the chapter discusses the Vermont case's findings in light of the precepts of the arena model as well as related school finance policymaking literature. In doing so, the chapter attempts to evaluate individual arenas as well as the model as a whole in terms of its ability to explain the policymaking processes at work in enacting non-incremental policy change. Finally, the chapter concludes with suggestions for future research on the topic of state education policymaking in the domain of school finance reform. These include the potential addition of a "judicial arena" to Mazzoni's model to more fully address the interplay between the judicial and political systems that is frequently an aspect of state education policymaking as well as the consideration of other analytic frameworks that could shed light on the phenomenon of non-incremental policy change with regard to the issue of school finance reform.

Topic and Case Selection Rationale

This section revisits the nature of the policy problem along with the study's purpose and conceptual framework to assess the appropriateness of school finance as a

topic and the Vermont case as a site for testing the effectiveness of Mazzoni's arena model.

Policy Problem

Public education in the United States has traditionally been paid for through the assessment and collection of property taxes at the local level (Ward, 1998; DeMoss, 2003, Schmidt, 2004, Shelly, 2011). However, disparities in taxable local district wealth have frequently led to sizable differences in school funding levels among school districts within any given state. Since the late 1960s, the courts have served as the primary vehicle for groups seeking to address inter-district discrepancies in school finance. While courts have ruled favorably in approximately half of all school funding cases, court-mandated school finance reform has proven to be frequently contentious and legislative compliance with court mandates has been quite slow in several states (Carr & Fuhrman, 1999; Dayton & Dupre, 2007).

However, just four months after having its school finance system declared unconstitutional, the Vermont legislature responded to its Supreme Court's mandate for change by passing Act 60, a comprehensive school funding plan that redistributed property wealth from property-rich school districts to property-poor school districts through a statewide property tax and a guaranteed yield second tier local property tax. Fowler (1994) notes that "[n]on-incremental education reforms are of considerable theoretical interest because in the American policy process it is not easy to innovate" (p. 335). Therefore, Act 60 has served as an interesting case for examining the type of state policy environment that produces non-incremental school finance legislation with a strong fiscal equity thrust. Despite the relatively recent reemergence of school finance

reform as an important policy matter confronting state legislators, comparatively little has been written about the policy processes involved in devising and enacting school finance literature following court-ordered reform mandates. What little exists is dated and frequently atheoretical in nature (Kirst, 1990; Nelson, 1997; Cibulka, 1994; Fowler, 2006).

Study Purpose

This study sought to extend knowledge in the area of state education policymaking for school finance reform by examining the policymaking process leading to the Vermont legislature's passage of Act 60. This research, grounded in political theory, had two major purposes: first, to explain a case of non-incremental policy change within the realm of school finance reform; and second, to test the utility of Mazzoni's (1991) arena model for explaining state-level school finance policymaking. With these goals in mind, this case study explored how key political actors, taking advantage of favorable reform conditions, utilized power derived from positional authority as well as personal influence to impact the passage of Act 60.

Conceptual Framework

As noted above, the theoretical framework used to focus this study was Mazzoni's (1991) arena model. The arena model rests on three key assumptions: 1) that arenas structure not only the institutional and social context of policy formation, but also the relevant players, the relative value of their resources, and their strategies for wielding influence; 2) that politically skillful policy actors utilize their positional and personal power to shift the policymaking process to arenas that they believe are likely to produce favorable outcomes; and 3) that the concept of an arena shift to these favorable policy

venues can help to explain large-scale policy change. This conceptual framework situates the analysis of education policymaking within a broader external policy environment shaped by the state and nation. This policy environment is influenced by cultural norms, social values, and political traditions.

Within this broader context, the conceptual framework highlights four overlapping policy arenas where court-mandated school finance reform is mediated: 1) the policy subsystem; 2) the macro arena; 3) the leadership arena; and 4) the commission arena. Mazzoni's arena model is grounded in and derived from research on state education policymaking and has been found by other researchers in education policymaking to be a fruitful heuristic for explaining educational policy innovations at the state level (i.e. Fowler, 1994; Cody, 1994; Freedman & Hughes, 1998).

Assessment of the Individual Components of the Arena Model

Study findings illuminate a highly contentious policy process that involved a small group of reform-minded legislators and their allies persistently pressing for reform across all four policymaking sites incorporated in Mazzoni's arena model. The policy contest unfolded over several years, yielded multiple policy options and included steep opposition from Republican politicians as well as social and economic elites. In the end, this group of politically savvy and technically knowledgeable politicians took advantage of a favorable policy environment in the wake of the Vermont Supreme Court's ruling in *Brigham v. State* to meet their policy goals. Within this favorable policy environment, they pushed legislation that accorded with their vision for school funding in Vermont with relatively minor concessions for political expediency. Using the components of the arena model as an orienting framework, this section reviews how the group secured non-

incremental policy change and discusses key findings in light of the literature on state education policymaking and the politics of school finance reform.

Subsystem Arena

The arena model describes a policy subsystem as a relatively stable cadre of legislative committee members, bureaucratic specialists, interest groups, and academics involved with a specific policy issue. In the realm of state education policymaking, relevant actors at the subsystem level generally include bureaucrats from the state department of education, members of legislative committees dealing with education issues, and educational interest groups. Within the subsystem, this stable group of interested parties tends to engage in pluralistic bargaining to help accommodate as many interests as possible (Mazzoni, 1991; Fowler, 1994). While conflict may be present, it tends to be short lived and mediated through pragmatic logrolling and calculated negotiation. Because the subsystem is already biased in favor of the interests represented in the policy subsystem, actors are not inclined to contemplate any major policy reform that may change the existing balance of power between competing interests (Redford, 1969). As a result, policy change tends to be incremental in nature.

Case of Vermont in Light of Model Expectations

An application of Mazzoni's arena model reveals a state-level school finance policy subsystem that consisted mainly of the governor and legislators working on an annual basis to appropriate general fund revenues to the state aid to education program. Constrained by tight economic circumstances and a governor who did not wish to appropriate additional funds to education, legislators acted to divide scarce state dollars across a variety of policy sectors to appease as many voters as possible.

According to Arnold (1990), legislators support or oppose policies by determining the policy preferences of their constituents and how likely it is that those preferences will impact voting decisions. Indeed, as general fund dollars tightened, spending tradeoffs heightened friction between representatives from property-poor and property-rich districts. Legislators from high property wealth districts increasingly voted down education aid packages because they knew that under the terms of the Foundation Plan aid money would not be destined for their schools (Rebell & Metzler, 2002; Curtis, 2002). Instead, legislators from those areas preferred apportioning state funds to other programmatic areas that would benefit constituents in their districts. The legislators' self-serving approach, while understandable, helped to create a cycle whereby reduced funding to state aid led to fewer towns "on the formula." In turn, this cycle meant that in subsequent years, even fewer legislators had an incentive to prop up the education aid budget and even more towns fell off the formula. Nelson (1997) writes that school funding choices can be thought of as "...a collective action problem, in which individual voters and their representatives engage in short-term self-interested behavior which reduces their collective welfare in the long run" (p. 60). This scenario appeared to be the case in Vermont's education finance policy subsystem where policy decisions reflected the bias of interests represented in the subsystem.

Consistent with the expectations of Mazzone's (1991) arena model, the policy subsystem did not prove to be a fruitful locus of reform. Vermont's revenue shortfalls heightened "protectionist turf-guarding" and "fueled "zero-sum bargaining" among legislators and prevented the use of state money to "facilitate non-incremental, redistributive policies" through the provision of side payments to property-wealthy

school districts or leveling up property-poor school districts” (pp. 118-119). Attempts by House Ways and Means committee members such as Paul Cillo (H.556, 1991) and Oreste Valsangiacomo (H.907, 1992) to pass school finance reform legislation did not gain traction during this time period.

Case of Vermont in Light of Related Literature

Vermont’s experience with school finance subsystem policymaking during the early 1990s supported existing research on the politics of school finance reform in three ways and differed from the experiences of other states in one respect. First, this case study revealed that Vermont’s fiscal downturn hindered the ability of Vermont legislators to allocate finance resources to its poorer school districts. Multiple school finance reform researchers (i.e. Geske, 1976; Fuhrman, 1978; Fuhrman et al., 1979; Berke et al., 1984) highlighted the connection between successful school finance reform measures and fiscal surpluses. Through practices such as side payments and leveling up, states utilized fiscal surplus to “...mollify the ‘haves’ while aiding the ‘have nots’” (Fuhrman et al., 1979, p. 84). Conversely, Carr and Fuhrman (1999) emphasize the difficulty faced by reformers in Texas, New Jersey and Alabama attempting to respond to court mandates for change in the face of the anti-tax, anti-government sentiment prevalent in the 1990s. Therefore, it is not surprising that the type of non-incremental policy change envisioned by Mazzoni was not enacted in a time of scarce state resources.

Second, the Vermont case highlighted the important role played by legislators and governors in school finance policymaking. Primary and secondary source data revealed that Vermont’s unique political culture and history of reform contributed to a situation whereby state-level elected officials were virtually the only actors operating in the school

finance policy subsystem. Fuhrman et al. (1979) observe that while the legislative and gubernatorial interest in education matters such as teaching and curriculum was a relatively new phenomenon in the late 1960s and early 1970s, these policy actors had historically taken an interest in matters of school finance:

If there was ever an education issue in which general government was active despite the tradition of isolation, it was finance. When it came to dollars, governors and legislators had to take an interest. They had to question expert decisions more thoroughly on money matters than on other issues because the responsibility for allocating scarce dollars fell to them. (pp. 79-80)

Indeed, the Vermont case exemplifies the process of governors and legislators “allocating scarce dollars.” Wong (2008) notes that this allocation process perpetuates the status quo because a state’s school finance structure mirrors the balance of power within a given state. As a result, policymakers have little incentive to reform the system.

Third, the Vermont case revealed the absence of the traditional education lobby in the school finance policy subsystem. Mathis (2000) explains that organizations such as the Vermont National Education Association and the Vermont Superintendents’ Association “...would adopt generalized position statements favoring reform but did not take an activist position nor advocate for any particular reform” (p. 8). In her case studies of four Midwestern states, Siegel (1976) attributed the absence of the traditional education lobby to the fact that school finance reform is a divisive issue for statewide membership organizations in that it pits the interests of members from property-wealthy school districts against the interests of members from property-poor school districts. Carr and Fuhrman (1999) emphasize that these organizations avoid divisiveness by advocating for policies that increase state education funding when they note: “Teachers unions, which in many states are traditionally politically powerful entities, have been noticeably

quite in most school finance reform debates, except to argue for increased overall spending” (p. 142).

A noticeable departure from school finance subsystem policymaking in other states was Vermont’s lack of a meaningful advocacy coalition representing property-poor school districts. Two states grappling with the school finance issue during the same time period provide a contrast to Vermont’s experience in this regard. For example, Pittner, Carleton and Casto’s (2010) exploration of school finance reform in Ohio details the formation of two advocacy groups aimed at raising the profile of inter-district funding disparities in that state. First, a group of concerned superintendents from southeastern Ohio came together to form the Coalition of Rural and Appalachian Schools (CORAS) to advocate for increased funding to schools in that region of the state. CORAS leaders subsequently recognized the need for a statewide advocacy organization and created the Ohio Coalition for Equity and Adequacy of School funding. Over time, this coalition grew to include more than 500 school district members from across the state and filed suit against the state in 1991 when its demands for a more equitable school funding system were not met. Similarly, Dove (1991) explains how Kentucky’s Council for Better Education, led by former governor and federal judge Bert Combs, was founded to address the vast inter-district funding discrepancies that existed throughout the state. As in the case of Ohio, the Council for Better Education eventually initiated school finance reform litigation after 66 of the state’s 177 school districts agreed to participate in the lawsuit (Dove, 1991).

Conversely, a statewide school funding coalition that advocated for reform never developed in Vermont. As noted in Chapter Five, this absence was attributed to the

state's strong tradition of local control, a fragmented budgeting process and the intermittent nature of the issue. One informant noted that the passage of Act 60 served as the impetus for creating a stronger statewide alliance. As the informant commented: "The coalition after [Act 60] was passed was a stronger organization than had existed before" (Informant 12). Thus, in the case of Vermont, it took the enactment of Act 60 to foster the development a statewide advocacy coalition for school finance.

Utility of the Subsystem Arena in Light of the Vermont Case and Related Literature

This review of the Vermont case both in light of the arena model and related literature reveals that Mazzoni's model accurately predicted the policymaking process in the subsystem arena. Both the Vermont case and related literature support Mazzoni's supposition that because subsystem policymaking is biased in favor of those interests represented in the policy subsystem, actors lack incentive to contemplate any major policy reform. This bias allows funding discrepancies to persist over time and compels courts to intervene. In addition, both the Vermont case and related literature support Mazzoni's claim regarding the difficulty of policy change in times of fiscal constraint. Without extra funds to "mollify the 'haves,'" (Fuhrman et al., 1979, p. 84) school finance reform policymaking devolves into "protectionist turf guarding" (Mazzoni, 1991, p. 118).

In terms of key actors, the arena model accorded with the related school finance literature but parted ways with the Vermont case regarding the presence of a school reform advocacy group in the policy subsystem. As noted earlier, Vermont-specific contextual issues most likely account for this difference. The Vermont case and related literature also indicate the presence of very high-level political officials in the school finance policy subsystem. Future researchers utilizing the arena model to investigate

school finance policymaking may need to look beyond the usual subsystem actors such as interest group leaders, bureaucrats and related legislative committee leaders when identifying key actors in the policy subsystem.

Commission Arena

According to Mazzoni, a commission arena is typically comprised of a relatively small group of individuals representing diverse interests on an issue of concern. Actors engage in pluralistic bargaining as a means to persuade group members to a particular point of view. In Mazzoni's view, because the commission arena is not burdened by the "overwhelming establishment bias of the subsystem," it does have the capacity to "do more than incrementally extend existing legislation" (Mazzoni, 1991, p. 130). In Mazzoni's analysis, the major strength of commission arenas is their ability to legitimate, consolidate, and extend new policy ideas. However, the commission arena's emphasis on consensual bargaining among competing interests ultimately makes it an unlikely site for major policy overhauls.

Case of Vermont in Light of Model Expectations

Berke et al. (1984) observe that because "meaningful change in raising and distributing revenues for education affects important social interests," school finance reform cannot be considered routine policymaking (p. 58). This finding proved true in Vermont. Reform initiatives failed to gain traction in the policy subsystem. The subsystem's practice of level funding the aid to education budget, while helping to resolve the state's debt problem, aggravated existing inter-district disparities in local per-pupil expenditures. The pressure to raise local property taxes to offset state aid shortfalls in property-poor school districts heightened political tensions as residents of these towns

began to resent having to take what they perceived to be inordinate taxing measures just to fund basic educational necessities while their property rich-counterparts could afford to offer a wide array of educational enhancements with a relatively light taxing effort.

Facing mounting pressure to “do something” about rising property taxes, Governor Howard Dean shifted the issue from the policy subsystem to the commission arena by forming the Governor’s Blue Ribbon Commission on Educational and Municipal Financing Reform in May 1992. In the commission arena, representatives from various stakeholder groups including legislators, education professionals, municipal government officials, governor’s staff members, business organization members and tax experts met 14 times over the course of eight months to develop and submit consensus “legislation for improving the cost and financing structure of education services” in Vermont (Governor’s Blue Ribbon Commission, 1993, p.1).

Mazzoni (1991) indicates that within the commission arena, structural innovations are likely to reach the discussion agenda but are unlikely to be recommended. In this regard, the Vermont case performed in accordance with the expectations of the arena model. The principle policy innovation to emerge from the Blue Ribbon Commission was the development of a school finance reform plan that came to be known as the Composite Plan. The Composite Plan, advocated by Representative Paul Cillo and tax expert Deb Brighton, combined a local income tax with a statewide nonresidential property tax to fund schools. Informants and press reports, alike, described the Composite Plan as a “radical” departure from the existing funding formula (Informant 06; Graff, 1992b; Hoffman, 1992e). As such, it faced almost no chance of becoming the consensus pick of such a diverse group of Commission members. Instead, the group approved a modest

proposal to provide property tax relief through the levying of municipal-level taxes and a minimum property tax on vacation homes. In the face of Dean's consensus mandate, his admonitions against the use of income taxes and the Commission's diverse set of opinions concerning the best way to fund education in Vermont, the Blue Ribbon Commission produced what Mazzoni termed a "lowest-common-denominator solution" (p. 124).

Case of Vermont in Light of Related Literature

Researchers studying the politics of school finance observed that demand for property tax relief served as a major impetus for public support of school finance reform (Geske, 1976; Fuhrman, 1978). Nelson (1997) found that connecting property tax reform with school finance reform served as an effective strategy for broadening a pro-reform coalition. Because Vermonters vote directly on both local property tax levies and local school budgets at Town Meeting Day, they understood the connection between property taxes and school funding. Consequently, residents of property-poor school districts began to press for increased state aid to education.

Governor Dean, however constrained by Vermont's deficit, could not afford to appear completely indifferent to citizens' property tax struggles. Mazzoni (1991) notes that "...establishing the arena for decision is a fundamental political strategy..." (p. 116). Policy actors with the power and resources to do so will shift an issue to a more favorable arena. Dean, seeking a strategy that would allow him to look sympathetic without costing money, shifted the issue of school finance reform to the commission arena. In charging the Blue Ribbon Commission to devise a "specific plan of action to get a bill through the legislature" (Graff, 1992a, p. 10), the Governor placed responsibility for finding a "solution" to Vermont's school funding woes in the Commission's hands.

Interestingly, however, Dean appeared to stack the deck against “solving” the problem by appointing representatives from the same stakeholder groups that had been at odds with one another on the issue for the past several decades. Concerning the Commission’s composition, one informant observed: “It was a smart group of people from a wide variety of organizations tasked with obtaining a unanimous vote. That means the policies are not going to go too far off the reservation” (Informant 15). In his research on study commissions, Sulzner (1971) notes that one purpose of commission formation can be political pacification. He discusses the “pacification effects” of study commissions as follows:

Pacification effects are usually possible when a commission is established; its creation is likely to accommodate or appease not only the proponents of innovation but also the opponents of change. The proponents are pleased that something is being done and that an issue is being kept alive; the opponents are satisfied that no modifying steps will be taken without a preliminary investigation of the problem. (p. 446)

Like Mazzoni, both Fuhrman et al. (1979) and Siegel (1976) highlight governors’ use of task forces and commissions to conceptualize and advance structural reform measures. However, the experience of Vermont reveals that governors may also use commission arenas as an escape valve for pent up demand for change during politically inopportune times such as a fiscal crisis. Thus from Sulzner’s (1971) perspective, it is possible to argue that the Commission delivered exactly the modest policy proposal originally envisioned by Dean.

This analysis of the Blue Ribbon Commission also supports Fowler’s (1994) finding that commission arenas do not always function independently of the leadership that convened them. In the Vermont case, evidence points to the fact that Governor Dean

at least partially impacted Commission proceedings and outcomes through his nominations of friends and key allies as well as his pointed public comments.

However, Dean's control did not fully impede the ability of a highly motivated and politically skillful idea champion such as Paul Cillo to utilize the commission arena as a means to forward his policy proposals. Despite the incremental nature of its final recommendations, the Commission did serve as a useful site to publicize the Little Tax Group's school finance policy proposal. Thus the value of the arena may not be so much in its immediate outcomes but rather in its ability to familiarize a wide variety of stakeholder groups with a new idea. In this way, the commission arena might be viewed as a locus for "softening up" the policy environment (Kingdon, 1995). School finance reform scholars viewed this softening up process as an essential aspect of passing reform legislation. Fuhrman et al. (1979) encapsulated these findings when they noted:

... the case studies indicate vividly that reform is not likely to take place overnight. Reform generally follows years of prior effort and study, years during which policymakers, staff and citizen representatives acquire the necessary expertise and skills. By the time reform is achieved, it can usually be seen in retrospect as a logical progression from previous proposals and formula changes even though it may appear at the time to be radical in nature. (p. 81)

Similarly, Berke et al. (1984) argue that policymakers require "technology, familiarity, and/or time to bolster confidence that a new system is feasible" (p. 64).

The Vermont case highlights a final issue with commission arenas in that their slower, more consensual process can sometimes mean that they can become obscured by fast-paced changes in other arenas. Political momentum can, at times, render the work of this more deliberative arena moot. In the case of Vermont, by the time the Blue Ribbon Commission's final report was completed in March 1993, attention had already shifted to

the House where Paul Cillo was teaming up with House Speaker Ralph Wright to introduce his Composite Plan as part of a larger school finance reform package in the legislature. To gain a sense of how quickly momentum for school finance reform changed, Blue Ribbon Commission Chair David Wolk's April 1993 presentation of the Commission's final recommendations was accompanied by his assessment of the House's plan (Wolk, 1993). By April 1993, Paul Cillo, rebuffed in the commission arena, had already shifted to friendlier territory in the legislature. The *Rutland Herald* highlighted this phenomenon in an April 15, 1993 editorial:

Before this legislative session, property tax reform had grabbed public attention when Gov. Howard Dean's Blue Ribbon Commission recommended a plan to shift the cost of education largely to broad-based state taxes and a statewide tax on non-residential property. That proposal was soon forgotten, however, when House Speaker Ralph Wright shifted the debate by suggesting that the state should assume the cost of teachers' salaries and benefits by negotiating a single statewide teachers' contract. ("Progress on Tax Reform," 1993, p. 16).

Utility of the Commission Arena in Light of the Vermont Case and Related Literature

The review of the Vermont case both in light of the arena model and related literature indicate that the commission arena's scope of participation and policymaking process operated largely as expected by Mazzoni's model. As Mazzoni supposed, the commission arena was comprised of representatives from a wide variety of groups interested in school finance and property tax matters, and included legislators, municipal groups, business organizations and educational associations. Although structural reform did reach the discussion agenda in the commission arena, it ultimately proved too "radical" to garner the consensual approval typically required of such groups.

The Vermont case departs from the expectations of the arena model and the findings of related school finance literature with regard to the intended function of the

commission. While Mazzoni (1991), Fuhrman et al. (1979) and Siegel (1976) described the utility of commissions appointed by governors pushing for reform, the Vermont case reveals a commission that was appointed as a means to forestall reform. This contrast highlights the issue of gubernatorial intent and compels researchers to examine the reasons why a commission has been appointed. It also reinforces Fowler's (1994) findings that question the autonomy of commission arenas. Both Fowler's (1994) experiences in Ohio and the Vermont case serve to underscore the influence that commission "conveners" wield over a commission's composition, goals, findings and recommendations. Future researchers may wish to explore whether the commission arena is sufficiently autonomous to warrant its status as a stand alone arena.

Finally, the Vermont case and related literature highlight the importance of the type of "softening up" that can occur in commission arenas when structural reform reaches the discussion agenda. The Blue Ribbon Commission's extensive review of the Composite Plan confirms Mazzoni's supposition that Commission Arenas can help to legitimate, consolidate and expand the scope of new policies.

Macro Arena

Politics at the level of the macro arena provides a stark contrast to the low profile incremental accommodation found in the subsystem arena and the politics of persuasion operating in the commission arena. Here "...policymaking is much more visible, accessible, ideological, and contentious..." (Mazzoni, 1991, p. 117). Those issues debated in the macro arena are normally matters of broad societal concern (Redford, 1969). Thus they tend to expose the basic philosophical divisions within a society. The contentious nature of these core social issues opens up the macro arena to a wide array of

public voices. While this widespread participation has the potential to create “a political momentum and a ratio of power that gives non-incremental and redistributive policy a real chance for enactment,” it also has the potential to create “inflexible and protracted issue conflict” (Mazzoni, 1991, p. 117, 130).

Case of Vermont in Light of Model Expectations

Mazzoni’s model supposes that powerful policy actors rely on their positional authority and political skills to instigate arena shifts that facilitate the implementation of preferred policies. In this instance, Speaker of the House Ralph Wright and Ways and Means Committee Vice Chair Paul Cillo utilized their substantial institutional and political resources to shift the issue of school finance reform into the macro arena. Their provocative reform plan, which included provisions for a statewide teachers contract, a local income tax and a statewide non-residential property tax, initiated four years of fiery debate between Republicans and Democrats and drew some of Vermont’s most powerful lobbying entities into the school finance macro arena such as the state teachers’ union, the Vermont League of Cities and Towns, the business lobby and the gold town/ski area lobby. Throughout this time period, the Republican-controlled Senate consistently rejected every school funding initiative that originated in the Democratically-controlled House.

As predicted by Mazzoni (1991), the tone of participant interactions in the macro arena was contentious, highly partisan and reflected key differences in worldview. House Democrats generally represented the interests of property-poor school districts and sought to more evenly distribute tax revenue to schools throughout the state. On the other hand, Senate Republicans tended to represent those interests benefitting from the status quo

such as businesses and gold town residents. They predicated their objection to school finance reform on the basis that it would harm Vermont's economy and threaten the state's longstanding tradition of local control. A lack of demonstrated leadership by Governor Dean left the two chambers stalemated as each effectively countered the other's power in the legislative process. In Mazzoni's (1991) terms, the result was "inflexible and protracted issue conflict" (p. 130).

Case of Vermont in Light of Related Literature

The tumultuous policy environment of the macro arena reflects the findings of state education policymaking research. This research observed that as the state education policy arena became increasingly open to multiple competing interests throughout the 1960s and 1970s, policymaking became more pluralistic and contentious and has continued to remain that way (Campbell & Mazzoni, 1976; Geary, 1992; Mazzoni, 1993). In the realm of the politics of school finance reform, Campbell's (1979) examination of the political turbulence in New Jersey following the *Robinson v. Cahill* (1973) decision suggested that this unrest was the product of an open decisionmaking setting in which a number of policy actors pursued their own specific interests. Campbell argued that this openness constrained policymaking by creating larger amounts of environmental stress in the decision arena as groups vied to pass legislation that served their own narrow interests.

Campbell's assessment rings true in Vermont as multiple powerful interest groups entered the macro arena to advocate for their narrow policy preferences. The issue of school finance reform became intractable precisely because each new reform proposal that attempted to reduce the state's reliance upon the local property tax to fund schools

also damaged the financial interests of a powerful lobbying group. For example, the Vermont League of Cities and Towns opposed the imposition of a statewide property tax on the basis that it would remove a revenue stream from municipal governments and it threatened local control. Gold towns and ski areas also opposed such a measure because it was certain to increase property taxes for residents of low-tax towns. At the same time, business lobbying organizations such as the Vermont Chamber of Commerce vehemently opposed the imposition of an income tax to pay for schools on the basis that high marginal income tax rates discouraged business investment. They also opposed sales tax increases because they believed them to be damaging to Vermont businesses located across the border from sales tax-free New Hampshire. As one informant noted:

... look there are only three taxes that count: the income tax, the sales tax and the property tax. You're not going to fund a state system [of education finance] on fishing fees. You're not going to fund it on lottery receipts. They're just too small. So you've got the three major taxes... (Informant 12)

The unwillingness of powerful Vermont interests to compromise on the issue of taxation paralyzed policymaking and produced a legislative gridlock that was not broken until the Supreme Court weighed in with the *Brigham* decision.

In their analysis of the politics of school finance reform in the 1990s, Carr and Fuhrman (1999) highlighted an emerging partisan divide on the issue. They write: "School finance is an increasingly partisan issue in most states as the parties take a more sharply defined position on the issue" (p. 168). This situation was certainly the case in Vermont where pro-reform interests generally aligned themselves with Democrats and reform opponents tended to ally themselves with Republicans. Apart from political

differences, the division on the issue of school finance reform along party lines may also be viewed as one front in Vermont's broader struggle with rapid cultural change.

Up until the 1960s, the Republican Party held a firm grip on Vermont politics. A strong Republican identity was reinforced by the notion that Republican philosophy meshed well with small town, rural life. However, throughout the 1960s and 1970s, the state experienced an influx of new, more liberal residents from neighboring states such as New York and Massachusetts. These recent arrivals provided an infusion of liberalism that strengthened the state's commitment to progressive social causes such as poverty alleviation, the environment and education. This social progressivism has, at times, come into conflict with Vermont's tradition of small-town freedom and self-reliance. Such is the case with the issue of school finance reform where progressive Democrats emphasized reform as a matter of fairness and equity while conservative Republicans opposed reform fearing a loss of local autonomy. The deep-seated cultural conflict at the heart of the school funding debate helps to explain at least some of the political rancor surrounding the issue in the macro arena, particularly among those citizens who feared that school finance reform signaled an end to the local control of schools. It is consistent with research that has found that school finance reform produces a conflict between the goals of equity and liberty (Guthrie, Garms & Pierce, 1988).

Utility of the Macro Arena in Light of the Vermont Case and Related Literature

This review of the Vermont case both in light of the arena model and related literature reveals that Mazzoni's model accurately described the policymaking process in the macro arena. Both the Vermont case and related literature support Mazzoni's claim that macro arena politics is contentious and involves matters of broad societal concern. In

the case of school finance reform, the issue of redistributing taxes from property-wealthy communities to property-poor communities energizes a large number of policy stakeholders because it touches on two competing core social values relating to education: equity and liberty. Because these key values are at stake, macro arena actors rely on ideological appeals to generate issue constituencies. As was the case in Vermont and other states where the issue of school finance reform has proven contentious (i.e. Texas, New Jersey and California), this widespread, ideologically-based participation in the policymaking process led to the type of legislative gridlock predicted by the arena model.

Leadership Arena

In the leadership arena, the state's top leaders engage in elite bargaining to develop and implement innovative policy proposals. These elites utilize their formidable stores of positional and personal resources to obtain favorable decision outcomes. Mazzoni contends that the leadership arena holds the greatest chance of producing structural policy breakthroughs thanks to the ability of elite policymakers to persuade, induce and intimidate issue opponents as well as manipulate legislative agendas, structures and procedures.

Case of Vermont in Light of Model Expectations

In the highly volatile macro arena, non-incremental policy innovation is dependent upon the ability of policy actors to skillfully deploy their resources to build a winning coalition. However, in the case of Vermont, pro-reform advocates could not amass a coalition powerful enough to overcome the reform roadblocks established by the opposition. The ensuing political stalemate propelled the issue into the November 1996

elections. Democrats, led by Governor Dean, promised fast action on the school finance issue if voters returned a Democratic majority in the Senate. These efforts to bring about electoral change succeeded as the Democrats captured a slim 17-13 majority in the Senate. With the Senate victory, Democrats entered the 1997/98 legislative biennium controlling every elected leadership position in Vermont's state government.

Kingdon (1995) writes that “[i]n government, turnover has powerful effects on agendas” (p. 163). When voters returned a Democratic House, Senate, Governor and Lieutenant Governor to office for the 1997/98 legislative biennium, property tax and school finance reform shot to the top of the political agenda. Consequently, legislative leaders in both chambers paid particular attention to the appointment of members to the House Ways and Means Committee and the Senate Finance Committee because these committees would be responsible for crafting school finance legislation. It soon became evident, however, that Governor Dean's vision for reform proved to be considerably more modest than that of many legislative leaders, particularly those in the House. Pro-reform advocates such as Representatives Paul Cillo and John Freidin were frustrated by Governor Dean's ability to control the legislative process and were on the verge of reluctantly acquiescing to Dean's modest policy initiative requiring a scant \$10 million in property tax sharing by property-wealthy towns when the Supreme Court delivered its decision in *Brigham v. State*. By agreeing with the House's efforts to label Vermont's school funding issue a matter of student equity as well as a matter of taxpayer equity, the court decision proved critical in swaying political momentum away from Governor Dean and his modest sharing proposal and towards the House of Representatives with its plans for structural changes to both school aid revenue collection and distribution.

As Dean's influence diminished in the face of the court decision, the House and Senate embarked upon significant changes to Vermont's existing system of school finance through a process of elite bargaining first within each respective legislative chamber and later in the Committee of Conference. This process of "elite bargaining" sought to "forge working alliances" among a wide variety of property-poor communities throughout the state (Mazzoni, 1991, p. 129). Consistent with the expectations of the Mazzoni model, the leadership arena with its concentration of motivated like-minded and well-situated reform advocates yielded policy innovation in the form of Act 60.

Case of Vermont in Light of Related Literature

An application of the arena model to the Vermont case again reinforces Mazzoni's supposition that the establishment of a policymaking arena is a key political strategy. Vermont Democrats understood that the possibility of reform remained unlikely as long as Republicans controlled the Senate. In Mazzoni's terms, Democrats' efforts at electoral change can be viewed as an attempt to capitalize on resources such as access to the bully pulpit, Governor Dean's enormous popularity with the Vermont electorate and the Democrats' established reputation as reform advocates to shift the issue out of the politically contentious macro arena and into the leadership arena where all of the state's top Democratic leaders were on the record as supporting the enactment of some form of school finance reform.

Bardach (1972) observes how political leaders exploit favorable policy arenas to manipulate decision sites, institutional agendas and time schedules. These strategies proved to be essential to the Democrats' victory on Act 60. Utilizing the positional authority afforded to them as a result of their majority status, Democratic bosses in the

leadership arena stacked committees, placed school finance reform atop the policy agenda and greatly accelerated the policymaking process to prevent opposition from galvanizing against the reform proposals under consideration. The fruitful use of these key strategies underscores the importance of positional authority within an arena as a means to manage policymaking through the control of rules, procedures and appointment power.

As with the Mazzoni model, the literature on state education policymaking and the politics of school finance reform underscores the centrality of political leaders in enacting policy innovation. For example, the Fuhrman et al. (1979) review of the politics of school finance reform discovered that legislative leadership was a critical component of enacting reform. With regard to the role of legislative leaders, they remarked: “It was these legislators who masterminded and executed a strategy for reform resorting to all varieties of compromise and persuasion to convince their colleagues” (p. 83). Similarly, Berke et al. (1984) found that in each state where meaningful school finance reform occurred, political leaders such as governors or legislative committee chairs seized upon school finance reform as their central issue. These leaders took the time to develop policy proposals, form coalitions, and shepherd bills through the legislature. Reviewing school finance reform cases from the 1990s, Carr and Fuhrman again highlight that “...political leadership from the governor and key legislators is essential in passing school finance reform to reduce inter-district inequities” (p. 167).

Though the actions of legislative leaders such as Paul Cillo, John Freidin in the House and Cheryl Rivers in the Senate closely accord with the expectations of the politics of school finance reform literature, Governor Dean’s relative inaction on the issue

appears to be an anomaly. While not a vocal resistor of school finance reform, Dean could not be considered an ally either. Relying on his positional authority as governor, Governor Dean consistently attempted to set firm parameters for acceptable reform policies that focused: 1) on limiting any negative impact on the state budget; and 2) avoiding the use of a state income tax. These parameters promoted an incremental approach to school finance reform.

Conversely, Siegel's (1976) study of the politics of school finance reform in Ohio, Wisconsin, Michigan and Minnesota emphasized the role of governors in enacting reform legislation:

Where state departments of education, school finance experts, or educational interest groups may have been promoting change for years, the executive office contributed the political resources to accomplish this end. Governors, therefore, became the major factor in translating pressures for change into actual pieces of legislation. (p. 232)

Fuhrman et al.'s (1979) study of school finance reform policymaking in seven other states not studied by Siegel also revealed that the governor played a leading role in effecting reform in six of those states. In their case findings, they comment: "The fact that governors initiated and steered reform proposals through the legislature clearly indicates how important an education policymaking role they have assumed" (p. 83).

Yet by all accounts, Governor Dean paid only sporadic attention to matters of school finance reform in Vermont and largely ceded the issue to the legislature in the wake of the *Brigham* ruling by assuming the position of defensive bystander. Dean's foray into school finance reform policymaking in the early days of the 1997 legislative session proved that he was able to control the policymaking process. During that period, House leaders struggled to pass a more extensive bill but were stymied by his insistence

on a modest property tax sharing initiative. However, following the Supreme Court's decision in the *Brigham* case, Dean rather inexplicably receded from the policymaking process and handed responsibility for negotiating with the legislature to administration surrogates such as Tax Commissioner Tom Pelham and Secretary of Administration Kathy Hoyt.

Carr and Fuhrman's (1999) more recent work on the politics of school finance research discovered that gubernatorial leadership on school funding reform is unlikely without the presence of at least one of three key catalysts. These catalysts include: outside pressure from the courts, widespread support among the population or the existence of a fiscal surplus. Based on these findings, one could expect Dean's engagement on the issue as a result of either the court ruling or pressure for reform from Vermont citizens. However, despite the presence of these catalytic factors in the policymaking process Dean remained largely on the sidelines. One informant recollected that the legislature's accomplishment of Act 60, despite the inaction of Governor Dean, was highly unusual in Vermont:

This wasn't something that I observed or could observe but it was told to me by a guy named Hamilton Davis who was a lifelong journalist and had been the House for a little while. He said, "You know, it is virtually unheard of for a major legislative effort to come out of the legislature and not out of the governor's office." (Informant 07)

Utility of the Leadership Arena in Light of the Vermont Case and Related Literature

Both the Vermont case and related literature reinforce the arena model's claim that political elites drive policy innovation. This research supports Mazzone's view that elite political leaders possess the combination of political skill and positional authority needed to successfully pull the levers of legislative power. In the service of reform, these

powerful political leaders serve as equal parts policy persuaders, dealmakers and arm twisters. Without these crucial resources, politicians would be unable to amass the coalitions needed to enact non-incremental policy change.

Assessment of the Arena Model as a Whole

The literature on school finance reform reveals a process that is both conflict-laden and highly contextual. These attributes require the use of a conceptual model that focuses on actor roles and relationships yet is also sensitive to the impact of institutional and environmental forces upon human interaction. The literature on school finance reform highlighted the incremental nature of policy change due to the need to build large statewide coalitions. However, Vermont's Act 60 stands out as an example of non-incremental policy change in that it sought to redistribute funds from property-rich school districts to property-poor school districts through the use of a statewide property tax and a local property tax recapture provision. The attributes of the policy issue required the use of a conceptual framework that could help to explain the circumstances under which non-incremental policy innovation occurs.

Like those conducted by Fowler (1994), Cody (1994) and Freedman and Hughes (1998), this analysis of state education policymaking in Vermont has found Mazzone's arena model to be generally helpful as a framework for explaining non-incremental policy change in a politically charged, context driven policy environment. In addition to substantially corroborating the policymaking processes at work in the four policymaking arenas, study findings also corroborate the arena model's main assumptions. The model's first assumption is that state education policymaking is situated within a broader external policy environment influenced by cultural norms, social values, and political traditions.

The Mazzoni model proved adept at demonstrating how Vermont's highly unique socio-cultural heritage, particularly its moralistic political culture, dedication to direct democracy and reliance on municipal governance, impacted the state's school finance policymaking process across arenas.

Second, the Vermont case clearly demonstrated that each arena included its own set of policy actors and prioritized certain resources and policymaking strategies over others. For example, the subsystem arena was comprised of the governor and state legislators involved in a process of self-interested zero-sum bargaining to allocate scarce resources. The commission arena was party to a broad representation of policy stakeholders who utilized persuasion and compromise to arrive at a modest policy proposal. Policymaking in the macro arena included the participation of many powerful lobbying groups who structured policymaking along partisan and ideological lines. Finally, in the leadership arena, like-minded Democratic legislative leaders engaged in a process of elite bargaining to agree on the parameters of Act 60.

Third, this case study analysis underscores the premise that arena shifts do favorably alter policymaking process for those policy actors powerful enough to initiate shifts. Data from this study reveal that each arena shift advanced the interests of those policy actors instigating the arena shift. For example, Governor Dean shifted the school finding and property tax issue from the policy subsystem to the commission arena as a means to appear proactive on a matter of increasing importance to his constituent. Subsequently, Paul Cillo induced Ralph Wright to shift the school finance issue from the commission arena to the macro arena in an effort to garner further action on the Composite Plan. Finally, Democrats sought to shift policymaking from the macro arena

to the leadership arena to eliminate the partisan logjam that had bogged down the school funding issue for two consecutive legislative biennia.

Relatedly, data from the Vermont case reinforce the critical role of idea champions as skillful policy actors who not only instigate arena shifts but also develop and advocate for policy proposals within and across arenas. In particular, case study data highlight the role played by Representative Paul Cillo as a key idea champion who pursued school finance reform by developing policy proposals, promoting initiatives and taking advantage of propitious events such as the *Brigham* decision across all four policymaking arenas. Daft and Becker (1978) describe an idea champion in the following manner:

Some individual has to want the innovation badly enough to do the groundwork necessary to carry the innovation forward to adoption... His or her distinguishing characteristic is to connect the idea to a perceived need and then to manage the idea to the point of gaining acceptance. (pp. 178-80)

This description aptly fits Paul Cillo's efforts on behalf greater fiscal equity for taxpayers and students in Vermont. Ultimately, his efforts were rewarded through the passage of Act 60.

The arena model's final assumption is that an arena shift to a favorable policy venue can help to explain large-scale policy change. With regard to the passage of Act 60 in Vermont, policymaking in each arena generally performed as predicted by Mazzoni's model: the policy subsystem saw general inaction on the matter of state aid to education; the commission arena developed a proposal for incremental policy change; policymaking in the macro arena devolved into partisan gridlock; and, finally, initiative joined with influence in the leadership arena to produce non-incremental policy change in the form of

Act 60. The leadership arena's ability to couple personal enterprise with positional authority, particularly in the wake of the Supreme Court's *Brigham* ruling, greatly assisted in achieving this policy innovation.

While Mazzoni's arena model largely succeeded in serving as a framework for explaining non-incremental policy change in state education policymaking, its ability to account for the manner in which the *Brigham* decision changed the balance of power within the leadership arena proved awkward and required both a "before" and "after" analysis to account for how the ruling altered relevant actors, motivations, goals, strategies resources, interactions and outcomes within the arena.

In this regard, the arena model as currently devised presented the *Brigham* decision as nothing more than a "propitious event," a "favorable context," or a "window of opportunity" that reoriented policymaking within the existing arena structure. However, informant data indicate that the presumed author of the *Brigham* ruling had served as Madeleine Kunin's Secretary of Administration and was intimately involved with her attempts to enact school finance reform in the mid-1980s. Multiple study informants indicated that this judge's political experience influenced both the content and the timing of the court's ruling (Informants 19, 05, 06).

Finally, Mazzoni's arena model failed to satisfactorily explain why an entire set of policy actors, namely those pro-school finance reform actors allied with the American Civil Liberties Union, left the macro arena with their policy goals still unmet. An informant recollected that frustration with the policymaking process in the macro arena led the ACLU to seek reform through an alternate route, namely through the courts:

[Senate Majority Leader] Sara Gear withdrew her approval of what she had agreed to and what she had actually introduced as a sponsor and that's

when – now we had already started working on it – we said, “That’s it. Forget everything, we’re going to sue.” (Informant 19)

Hirschman (1970) observes that “exiting” the political process is a strategy used by actors to express their dissatisfaction with the status quo. Using Hirschman’s concept of exit, this group of pro-reform advocates can be thought of as exiting the macro arena in hopes of finding a more receptive policy venue in the “judicial arena.”

These shortcomings with regard to the arena model’s explanatory power point to the conclusion that the model may benefit from the inclusion of a “judicial arena” that could help to explain the relationship between the courts and other policy arenas in matters of state education policymaking. Indeed, Mazzoni, himself, acknowledged that work remained to be done in terms of further refinements to his model. Specifically, he noted that other possible arenas, including education agencies, interest group coalitions and state courts, required “empirical investigation and comparative analysis for their innovative potential,” (p. 132).

Suggestions for Future Research: Refining Mazzoni’s Arena Model

The preceding sections have highlighted a variety of areas where future inquiry may be warranted to strengthen the general utility of the arena model in terms of its ability to describe policy innovation in state education policymaking. However, this section focuses on one critical innovation that may help to improve the utility of the model when examining cases involving court-mandated reform. This section will briefly sketch the policymaking process within the judicial arena for use by future researchers wishing to explore the interaction between the court system and the political system in education issues involving judicial intervention. The inclusion of the judicial arena is based not only upon Mazzoni’s suggestion that other arenas be investigated for their

innovative potential but also upon the presence of a body of theoretical and empirical literature that cites the role of courts as relevant political actors in matters of school finance reform (Carr & Fuhrman, 1999; Nelson, 1997; Dayton & Dupre, 2007). As arbiters of law and interpreters of the constitution, the courts have served as a catalyst for reform among state legislatures on a variety of issues. According to Nelson (1997), “[c]ourt mandates can have powerful agenda effects, forcing an issue to the decision point when it might more conveniently be ignored by the political system” (p. 54). Mazzoni’s revised arena model assumes that each arena’s decisionmaking processes, scope of participation, and relative visibility work together to shape *policy outcomes*. These characteristics serve as a useful device for organizing this discussion of the state court system as a policy arena.

Scope of Participation

A particularly unique feature of the judicial arena is that any individual has the right to file a case and have it considered before the court. As Chayes (1976) notes: “Unlike an administrative bureaucracy or legislature, which can delay action indefinitely, the judiciary must respond to the complaints of the aggrieved” (in Elmore & McLaughlin, 1982, p. 20). Given that the particular organizational structure of the judicial system allows for all plaintiffs to “have their day in court,” groups lacking political clout in traditional policy arenas have found the courts to be sympathetic to expressions of discontent with regard to the legislative status quo and useful for compelling action among recalcitrant government representatives (Dayton, 1993; Vandersall, 1998, McUsic 1999).

Decisionmaking Process

As a political arena, the judiciary possesses its own rules, regulations, and operating procedures (Glick, 2004). Reform advocates maintain that the judiciary's reliance on legal principle and constitutional interpretation and their relative isolation from the rough and tumble world of legislative politics have made it more receptive to the claims of traditionally underrepresented groups (Elmore & McLaughlin, 1982; Carr & Fuhrman, 1999). Regarding this view, Nelson (1997) comments: "Insulated from political accountability, [judges] are able to make unpopular decisions which would amount to institutional suicide for legislators" (p. 10). This notion of complete insularity may be challenged in instances where judges are elected to their positions (Glick, 2004). However, judges' perceived impartiality and reliance on precedent to decide cases makes them generally more receptive to the claims of underprivileged populations than their counterparts in the political sphere.

The ability of judges to impact policy is derived from the positional authority granted to them as agents of the court. In the U.S. system of government the judicial branch has been granted the right of judicial review of laws enacted in the legislative branch. Importantly, because "[s]tandards of judicial decisionmaking are extremely fluid," they are "sensitive to differences in decisionmaking styles among judges within and between jurisdiction" (Elmore & McLaughlin, 1982, p. 38). Therefore, legal rulings can differ substantially from court to court depending on a judge's ideological orientation. Regardless of their ideological bent, judicial decisions are binding and compel actions on the part of others. However, because their power to legislate is indirect, judges have been termed "shadow players" in coalition politics (Elmore &

McLaughlin, 1982) and various critics of judicial intervention have questioned the ultimate capacity of the courts to effect political and social change (Rosenberg, 1991).

Visibility

Although their impact on policymaking can be highly consequential, the general public rarely recognizes the courts as major players in state politics (Glick, 2004). This perception is not surprising given the judiciary's low profile in the media and citizens' lack of direct contact with the court system on a day-to-day basis. However, the judiciary's profile rises substantially among particular interest groups who understand the power of judicial intervention. These groups are not only more likely to use the courts to further their political goals, they are also more likely to attempt to influence the composition of the courts to better fit their belief systems (Glick, 2004).

Policy Outcomes

In terms of policy outcomes, the broad interpretive powers granted judges coupled with their relative isolation from public scrutiny, create an environment that is potentially ripe for non-incremental policy change. Under these circumstances, a number of judges have been willing to interpret laws and constitutions in novel ways that mandate wholesale policy changes. The judiciary's "power to set agendas, frame issues, and mobilize interests" is another important influence on policy outcomes (Nelson, 1997, p. 54). While the courts must ultimately rely on the legislative system to carry out their mandates, judges are in a "...strategic position in policy conflict to assure that decisions are emphatically enforced" (Wirt & Kirst, 1989, p. 272). Indeed, Nelson's (1997) research on the impact of court rulings upon fiscal equity found pro-plaintiff verdicts to be a "dynamic force for policy change" (p. 142). A potential definition of a judicial arena

derived from this brief description might read as follows: *A policy arena in which plaintiffs seek legally binding mandates for change. In this arena, decisions turn on litigants' use of evidence and legal principle as well as judicial interpretations of constitutional and statutory law.*

In the U.S., courts have played an important role in state education policymaking across several issues, including desegregation, special education and school finance reform. For this reason, the addition of a judicial arena to Mazzoni's arena model may help to enhance its explanatory power in those areas where court mandates have shaped policy outcomes such as Vermont's Act 60. Appendix H provides a diagram of Mazzoni's arena model reconfigured to include a judicial arena. While it is not intended to supplant Mazzoni's more extensive portrait of the policymaking process (see Appendix A), it is designed to demonstrate how the inclusion of a judicial arena reorients pressure for change and compels political elites to shift the issue to a policy arena for further action.

Suggestions for Future Research: Beyond Mazzoni's Arena Model

This research study explored Mazzoni's arena model for its potential to explain non-incremental state education policymaking involving school finance reform. This evaluation approach is consistent with that of policy analysts such as Allison (1971) and Shapiro (2004) who seek to develop and refine mid-range theory on policymaking through empirical research. According to Shapiro (2004), this process involves: "...exhibiting [a theory's] presuppositions, assessing their plausibility, and proposing alternatives when they are found wanting" (pp. 37-38).

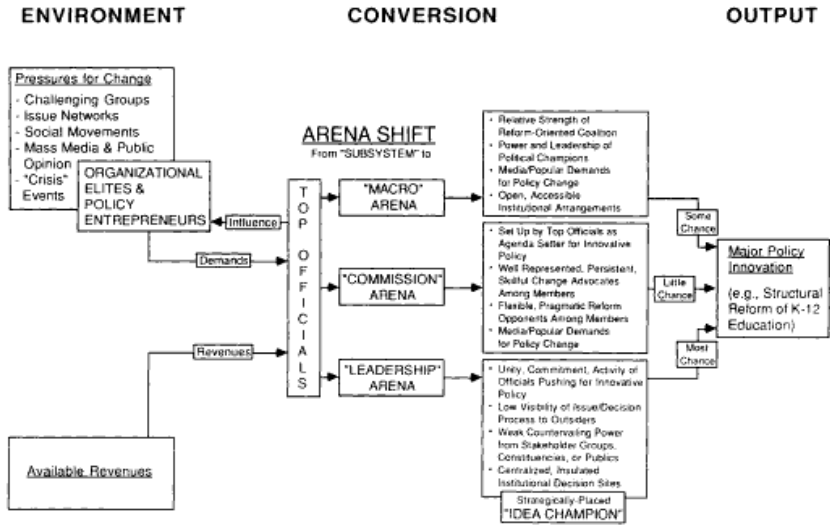
However, this approach is just one of several that might be used to further knowledge with regard to state education policymaking for school finance. Other possibilities include exploring the issue of non-incremental school finance reform utilizing additional conceptual frameworks that analyze policy innovation such as Kingdon's (1995) policy streams model or Baumgartner and Jones' (2009) punctuated equilibrium model. Findings derived from such studies could add to our existing knowledge of how some states innovate following court-mandates while others do not and could help to build a broader theoretical understanding of policy innovation. This future research also offers the potential to generate analytic conclusions concerning the relative strength of various models or lead to the development of a hybrid model for analyzing state education policymaking for school finance.

Chapter Summary

This chapter evaluated the ability of Mazzoni's arena model to account for the policymaking process that led to the passage of Vermont's Act 60. In doing so, it validated and strengthened an established analytic framework for examining state education policymaking by extending its application to the issue of school finance reform. It also affirmed, enhanced and updated the existing body of literature relating to the politics of school finance reform and provided suggestions for future research on the topic. Through this process, the study's findings enhanced the theoretical understanding of the political process that undergirds one of state government's most important responsibilities: the distribution of an equitable education to its school children.

Appendix A

Diagram of Mazzone's Arena Model



Appendix B

Informed Consent Form

Project Title	<i>The Politics of School Finance Reform: A Case Study Analysis of Vermont's Act 60</i>
Why is this research being done?	<p><i>This is a research project being conducted by Dr. Betty Malen and Kimberly Curtis at the University of Maryland, College Park. We are inviting you to participate in this research project because you have specific knowledge relating to the passage of Vermont's Equal Education Opportunity law, commonly referred to as Act 60.</i></p> <p><i>This research, grounded in political theory, has two major purposes: 1) to explain a case of redistributive policy innovation within the realm of school finance reform; and 2) to test the utility of Mazzoni's (1991) arena model for explaining state-level school finance policymaking. These goals will be accomplished through an examination of the Vermont state legislature's policymaking process in response to the Vermont Supreme Court ruling declaring the state's system of school finance unconstitutional.</i></p>
What will I be asked to do?	<p><i>You will be asked to respond to either an open-ended or semi-structured interview protocol, depending on your knowledge of and participation in the development of Act 60. You will be asked a series of questions such as the following: Who were the central participants in the design and passage of Act 60? How did these individuals or groups influence the decision making process? Interviews are expected to last one to two hours. You may decline to answer any questions that you do not feel comfortable answering. All interviews will be audio-recorded for the purposes of transcription unless you do not agree to this procedure. Investigator notes will supplement all informant interviews.</i></p>

Project Title	<i>The Politics of School Finance Reform: A Case Study Analysis of Vermont's Act 60</i>
What about confidentiality?	<p><i>We will do our best to keep your personal information confidential. To help protect your confidentiality, we will utilize the following procedures:</i></p> <p><i>With your permission, interviews will be tape recorded. In addition, researcher notes will be taken while the interview is being conducted. These notes will serve as the basis for an interview debriefing memo and as an emergency backup in the event that the tape recorder malfunctions. You will have the option of turning off the tape recorder at any point during the interview session. Interview tapes will be reviewed in conjunction with field notes as soon after the interview as possible. Pertinent sections will be noted and transcribed as is deemed necessary. If needed, you will be contacted immediately thereafter to clarify questions or points of uncertainty.</i></p> <p><i>Paper documents will be stored under lock and key in traditional filing cabinets. Interview tapes will be copied and kept in a separate location to serve as emergency backups. Any files, be they paper or electronic, will be kept in a secure location to ensure confidentiality. In addition, tapes, data files, and research reports will be labeled using a coding system that ensures your confidentiality to the maximum extent possible. Only the researcher will maintain and have access to the study database and code identification key. Please note that your information may be shared with representatives of the University of Maryland, College Park or governmental authorities if you or someone else is in danger or if we are required to do so by law.</i></p> <p><i>Please initial the following:</i></p> <p><input type="checkbox"/> I agree to be audiotaped during my participation in this study.</p> <p><input type="checkbox"/> I do not agree to be audiotaped during my participation in this study.</p>
What are the risks of this research?	<p><i>Potential risks from participating in this study include an invasion of privacy if your identity is revealed. Therefore, your identification will be held in strict confidentiality and you can reserve the right to withdraw from this study at any point the research study. You maintain the right to review transcripts, notes, and responses pertaining to your interview. You have the right to delete any portion of your interview responses as you see fit.</i></p>

Project Title	<i>The Politics of School Finance Reform: A Case Study Analysis of Vermont's Act 60</i>	
What are the benefits of this research?	<i>This research is not designed to help you personally, but the results may help the investigator learn more about the process of state education policymaking with regard to the issue of school finance reform.</i>	
Do I have to be in this research? May I stop participating at any time?	<i>Your participation in this research is completely voluntary. You may choose not to take part at all. If you decide to participate in this research, you may stop participating at any time. If you decide not to participate in this study or if you stop participating at any time, you will not be penalized or lose any benefits to which you otherwise qualify.</i>	
What if I have questions?	<p><i>This research is being conducted by Dr. Betty Malen (dissertation advisor) in the Department of Education Policy Studies at the University of Maryland, College Park.</i></p> <p><i>If you have questions about your rights as a research subject or wish to report a research-related injury, please contact: Institutional Review Board Office, University of Maryland, College Park, Maryland, 20742; (e-mail) irb@deans.umd.edu; (telephone) 301-405-0678</i></p> <p><i>This research has been reviewed according to the University of Maryland, College Park IRB procedures for research involving human subjects.</i></p>	
Statement of Age of Subject and Consent	<p><i>Your signature indicates that:</i></p> <ol style="list-style-type: none"> <i>1) You are at least 18 years of age;</i> <i>2) The research has been explained to you;</i> <i>3) Your questions have been fully answered; and</i> <i>4) You freely and voluntarily choose to participate in this research project.</i> 	
Signature and Date	NAME OF SUBJECT	
	SIGNATURE OF SUBJECT	
	DATE	

Appendix C

Description of the Case Study

A Study of the Policymaking Process Resulting in the Passage of Vermont's Act 60

Project Description

PURPOSE: This research has two major purposes: 1) to explain a case of redistributive policy innovation within the realm of school finance reform; and 2) to test the utility of Mazzoni's (1991) arena model for explaining state-level school finance policymaking. These goals will be accomplished through an examination of the Vermont State Legislature's policymaking process in response to the Vermont Supreme Court ruling declaring the state's system of school finance unconstitutional.

APPROACH: The research will employ a qualitative case method. Data collection will draw from an informant interview process supported by document review. Data will be systematically analyzed against Mazzoni's (1991) conceptual framework, presented in case narrative, discussed in light of related literature, and assessed in terms of their relevance to theory.

EXAMINER: This study is being conducted by Kimberly Curtis, a doctoral student in education policy at the University of Maryland, College Park under the supervision of Dr. Betty Malen, Professor, Department of Education Policy Studies, College of Education, University of Maryland, College Park.

REPORT: The study will be reported as a doctoral dissertation that will be available through the University of Maryland library to study participants and other interested persons.

Appendix D

Vermont School Finance Reform Chronology

Sources: Vermont Legislative Bill Tracking System; *The Rutland Herald*;
The Burlington Free Press

- January 1994 – The Vermont legislature’s first attempt at large scale school finance reform in seven years. The Democrat-controlled House of Representatives passes a measure, H.541, replacing local property taxes with local income taxes and a statewide tax on nonresidential property. Gov. Howard Dean opposes the House’s local income tax provision.
- May 1994 – The Republican-controlled Senate passes a bill in favor of a regional property tax.
- June 1994 – The Senate version of the bill is approved by the conference committee and the Senate. However, it is ultimately rejected by the House by an overwhelming 113-13 margin.
- March 1995 – The Vermont chapter of the ACLU files *Brigham v. State of Vermont*, a suit against the state on behalf of students and taxpayers in property-poor school districts charging inequitable access to educational resources due to the state’s over-reliance on local property taxes as a means to fund education.
- Spring 1995 – The House returns with new bill, H.351, they hope is more attractive to Senate Republicans and Gov. Dean which includes a power equalizing measure guaranteeing equal revenue yield for equal tax effort. Specific provisions include: increased state aid to education along with a measure compelling the state’s 50 most property-rich towns to share revenue with resource poor-districts through a guaranteed yield system. The Senate doesn’t vote on the measure but Republican Lt. Gov. Barbara Snelling establishes a summer study group on the issue.
- April 1996 – The Senate responds to the House’s 1995 property tax reform proposal with a uniform homestead deduction and education spending caps on 105 towns spending above the “basic” level. The conference committee cannot reconcile the two measures and the bill dies in conference.
- July 1996 – Lawyers for the State of Vermont file a motion in Lamoille County Superior Court seeking summary judgment in the *Brigham v. State* case.
- October 1996 – A Vermont Superior Court judge issues a partial summary judgment in favor of the defense in the *Brigham v. State* case. However, he chooses not to rule on the portion of the lawsuit regarding whether or not taxpayers in property-poor districts were subject to an undue burden because they

spent a disproportionately higher percentage of their income on local schools. Both sides agree to have this issue taken up by the Vermont Supreme Court.

- November 1996 – Legislative elections are perceived as a mandate on school finance reform. Groups such as VOTE (Vermonters Organized for Tax Equity) target vulnerable Republican candidates and highlight the issue of property tax reform. Control of the Senate is ceded to the Democrats. Douglas Racine is elected Lt. Governor, largely on his commitment to the issue of property tax reform.
- January 1997 – Gov. Dean unveils his own school finance reform proposal developed in consultation with key members of the House and Senate, including House Majority Leader Paul Cillo, Speaker of the House Michael Obuchowski, and Senate Pro Tem Peter Shumlin. This plan would generate revenue by raising the property tax of high property wealth towns, expanding the sales tax, and increasing the gas tax by seven cents. Property owners with a household income of \$80,000 or less would pay no more than three percent of their income in property taxes.
- February 1997 – The Vermont Supreme Court issues a unanimous decision declaring that the “...current system for funding public education in Vermont, with its substantial dependence on local property taxes and resultant wide disparities in revenues available to local districts, deprives children of an equal opportunity in violation of the Vermont constitution” (*Brigham*, 1997, p. 4).
- March 1997 – The House acts quickly to pass a bill similar to their 1994 bill. H.527, dubbed the Equal Education Opportunity Act, offers a two-tiered statewide property tax, a local income tax, a one-percent sales tax increase, and a three-cent gas tax. Money would be disbursed through a \$3,800 per-pupil block grant. The bill was approved over the objections of many citizens, business groups, the Senate leadership and Gov. Dean.
- March 1997—Lt. Gov. Doug Racine offers his own school finance reform proposal consisting of an income-sensitive statewide property tax.
- April 1997 – The Senate responds with a bipartisan measure that is conceptually similar to the Racine plan. It includes a uniform statewide property tax coupled with a second-tier guaranteed yield local property tax, with additional taxes on sales, gasoline and rooms. Money through participation the Powerball lottery is also dedicated to funding school finance reform. In terms of income sensitivity, it establishes a property tax rebate for residents making \$60,000 or less. School funding would be disbursed through a \$5,000 per-pupil block grant. Gov. Dean objects to the tax increase and use of Powerball earnings to fund reform initiatives.

- April 1997 – Just 12 hours after the Senate bill passed, a legislative conference committee begins the work of reconciling the House and Senate bills. It emerges with a plan similar to that conceived in the Senate. Both the House and Senate subsequently approve the committee bill. The final measure includes a uniform statewide property tax of \$1.10 per \$100 of assessed property value, expanded sales taxes, and increased gas and rooms and meals taxes. Vermonters with household incomes of \$75,000 or less would not be required to pay more than two percent of their income on the first two acres of property. Funds would be disbursed through a \$5,000 per-pupil block grant. School districts wishing to raise additional funds could do so through a second-tier local property tax.
- June 1997 – Act 60 is signed into law by Gov. Dean.

Appendix E
Informal Interview Guide

Informant Code:
Stand:
Position/Affiliation:

Interview Date:
Interview Time:

Researcher to the Informant

Thank you for agreeing to be a part of this study and taking time to discuss the development and adoption of Vermont's landmark school finance reform measure, Act 60. As you know from reading both the study description and my preliminary chronology of the bill, the purpose of this research is to understand the process that led to the passage of Act 60 in the Vermont state legislature. These questions serve merely as an orienting device for our conversation. Please feel free to add or correct information at any time if you believe it will be useful to this study and its purpose.

Interview Questions

Introductory Question

- 1) How did you become interested in the issue of school finance reform in Vermont?

1993/94 Biennium

- 1) What do you recall from the 1993/94 biennium with regard to the issue of school finance reform?
- 2) What do you recall with regard to H.541?
- 3) What groups or people were in favor of H.541?
- 4) Was anyone from the Governor's office involved in the issue?
- 5) Which individuals/groups expressed opposition to the various school finance plans?
- 6) Why did they oppose these plans? What background factors were particularly important?
- 7) As you look back, were other individuals or groups important participants?

- 8) In the Senate, support coalesced around the idea of a regional property tax to help even out differences in local property wealth. In your opinion, which individuals/groups were most responsible for the Senate decision?
- 9) The house and senate bills were brought to conference in the spring of 1994 but could not be reconciled. In your judgment, why do you think this was the case?
- 10) To the best of your knowledge, do you remember any other intersession activity involving school finance reform after the conclusion of the 1993/94 biennium?

1995/96 Biennium

- 1) As you think back on the 1995/96 biennium was school finance reform seen as a high priority item in the session?
- 2) I understand from newspaper reports that Governor Dean waded into the school finance reform issue by crafting his “tax fairness plan,” which would become H. 74. Why? How was it received by school finance reform supporters/detractors?
- 3) During the 1995/96 biennium no fewer than nine House bills (H.18, H.74, H.93, H.115, H.166, H.309, H.321, H.351, H.641) and three Senate bills (S.320, S.322 and the Senate response to H.351) were introduced in the legislature. While legislators officially introduced the policy change, as you think back, were there other individuals or groups involved in the initiation of these measures?
- 4) Was anyone from the Governor’s office involved in the initiation of the school finance reform legislation for this biennium?
- 5) Where there (other) legislative staff, executive staff or interest group representatives involved in the initiation of these bills??
- 6) Why did these individuals/groups support school finance reform? What background factors were particularly important?
- 7) Which individuals/groups expressed opposition to the various school finance plans? Why did they oppose these plans? What background factors were particularly important?
- 8) As you look back, were other individuals or groups important participants?
- 9) In the House of Representatives, how did support coalesce around H. 351 and its idea of equalized yield with a homestead exemption?

- 10) The House passed the school finance reform bill 89 to 54. In your judgment, which individual/group was most responsible for the House decision?
- 11) In the Senate, support again coalesced around the idea of regional property tax sharing. In your opinion, why did this happen?
- 12) The Senate passed the school finance reform bill 17 to 10. In your judgment, which individual/group was most responsible for the Senate decision?
- 13) The house and senate bills were brought to conference in the spring of 1996 but could not be reconciled. In your judgment, why do you think this was the case?
- 14) The *Brigham v. Vermont* case was filed during this biennium. In your opinion, did this litigation have any impact on the legislature's actions? Governor Dean's actions?
- 15) Can you discuss the events of the fall 1996 elections that led to the creation of a Democratic majority in the Senate? Why did the Democrats win the majority? What impact did it have on the succeeding legislative biennia?

1997/98 Biennium

- 1) During the 1997/98 biennium no fewer than eight House bills (H.83, H.133, H.135, H.232, H.256, H.286, H. 514, H.527) and one Senate bill (the Senate response to H.527) were introduced in the legislature. While legislators officially introduced the policy change, as you think back, were there other individuals or groups involved in the initiation of these measures?
- 2) Was anyone from the Governor's office involved in the initiation of the school finance reform legislation for this biennium?
- 3) Where there (other) legislative staff, executive staff or interest group representatives involved in the initiation of these bills?
- 4) What groups/individuals did the school finance reform legislation authors speak for, whom did they represent?
- 5) Why did these individuals/groups support school finance reform? What background factors were particularly important?
- 6) Which individuals/groups expressed opposition to the various school finance plans?
- 7) Why did they oppose these plans? What background factors were particularly important?

- 8) Whom did the opponents speak for, whom did they represent?
- 9) As you look back, were other individuals or groups important participants?
- 10) In the House of Representatives, how did support coalesce around H. 527 and its plan for a local income tax coupled with a nonresidential state property tax to fund schools?
- 11) The House passed the school finance reform bill 81-62. How did that decision get made?
- 12) In your judgment, which individuals/groups were most responsible for the House decision?
- 13) In the Senate, support coalesced around the idea of an income-sensitive statewide property tax coupled with a guaranteed-yield second tier local property tax.
- 14) The Senate passed the school finance reform bill 21 to 9. How did that decision get made?
- 15) In your judgment, which individuals/groups were most responsible for the Senate decision?
- 16) The house and senate bills were brought to conference in June of 1997 and were reconciled largely in favor of the Senate bill. In your judgment, why do you think the senate provisions prevailed? In your opinion, what factors allowed the House and Senate to reconcile a school finance bill in the wake of multiple past failures?
- 17) As you know, the Brigham v. Vermont ruling was issued shortly after the 1997 legislative session got underway. As you think back on the 1997/98 biennium how did the Vermont Supreme Court's ruling in the Brigham case impact legislative outcomes?

Adapted from: McCarthy, 2003; Geary, 1992; Malen, 1983.

Appendix F

In-Depth Interview Guide

Informant Code:
Stand:
Position/Affiliation:

Interview Date:
Interview Time:

Researcher to the Informant

Thank you for agreeing to be a part of this study and taking time to discuss the development and adoption of Vermont's landmark school finance reform measure, Act 60. As you know from reading both the study description and my preliminary chronology of the bill, the purpose of this research is to understand the process that led to the passage of Act 60 in the Vermont state legislature. These questions serve merely as an orienting device for our conversation. Please feel free to add or correct information at any time if you believe it will be useful to this study and its purpose.

Interview Questions

1991/92 Biennium

- 1) During the 1991/92 biennium, two school finance reform bills were introduced in the House – H. 556⁴⁹ (1991) and H. 907⁵⁰ (1992). These were the first school reform bills since Governor Kunin signed a new school finance formula into law in 1987.
 - 1a. Why did school finance reform rise on the political agenda during this biennium? What background factors were particularly important?
 - 1b. What individuals or groups were most responsible for getting this issue on the political agenda? How did these individuals go about influencing and shaping the nature of the debate?
- 2) While the legislators officially introduced these bills, were there any other individuals or groups involved in the initiation of these measures?

⁴⁹ H.556 proposed to establish a minimum education property tax. Revenue raised which exceeded local school needs would be paid to the treasurer. Seventy percent of this revenue would be dedicated to state education aid and 30 percent would be dedicated to property tax rebates.

⁵⁰ H.907 advocated a uniform statewide property tax to raise one-half of the foundation cost provided by the state. A second tier local surtax option was also included in the bill.

3) Was anyone from either Governor Snelling⁵¹ or Governor Dean's office involved in the initiation of the school finance reform legislation for this biennium?

If yes: 3a. Who?

3b. What did he/she/they do?

3c. What role did he/she/they play?

4) Where there (other) legislative staff, executive staff or interest group representatives involved in the initiation of these bills?

If yes: 4a. Who?

4b. What did he/she/they do?

4c. What role did he/she/they play?

5) What groups/individuals did the school finance reform legislation authors speak for, whom did they represent?

6) Why did these individuals/groups support school finance reform? What background factors were particularly important?

7) What individuals/groups expressed opposition to the school finance plans?

8) Why did they oppose these plans? What background factors were particularly important?

9) Whom did the opponents speak for, whom did they represent?

10) As you look back, were other individuals or groups important participants?

If yes: 10a. Which ones?

10b. What positions did he/she/they take?

10c. Why?

11) Both bills were referred to the Ways and Means committee but were never taken up for a further vote. In your opinion, why was this the case?

12) I noticed that the school finance reform measures advocated in H. 907 are similar to those implemented five years later in Act 60. Can you discuss the origins of state property tax as an alternative to the historical use of local property tax for funding schools in Vermont?

13) I understand that Governor Dean appointed a Blue Ribbon Commission on Municipal and Education Finance that met through the summer of 1992 and

⁵¹ Governor Snelling died in the summer of 1991 between the first and second sessions of the biennium.

published a report in September of 1992. Do you recall this report? If so, do you remember if it contributed to the dialogue on school finance reform?

- 14) To the best of your knowledge, do you remember any other intersession activity involving school finance reform after the conclusion of the 1991/92 biennium?

1993/94 Biennium

- 11) During the 1993/94 biennium no fewer than three House bills (H.55⁵², H.176⁵³ and H.541⁵⁴) and one Senate bill (S.255⁵⁵) were introduced in the legislature. While legislators officially introduced the policy change, as you think back, were there other individuals or groups involved in the initiation of these measures?

- 12) Was anyone from the Governor's office involved in the initiation of the school finance reform legislation for this biennium?

If yes: 2a. Who?

2b. What did he/she/they do?

2c. What role did he/she/they play?

- 13) Where there (other) legislative staff, executive staff or interest group representatives involved in the initiation of these bills?

If yes: 3a. Who?

3b. What did he/she/they do?

3c. What role did he/she/they play?

- 14) What groups/individuals did the school finance reform legislation authors speak for, whom did they represent?

- 15) Why did these individuals/groups support school finance reform? What background factors were particularly important?

- 16) Which individuals/groups expressed opposition to the various school finance plans?

- 17) Why did they oppose these plans? What background factors were particularly important?

⁵² H.55 introduced by Rep. Baker sought to use a local income tax in lieu of local property tax to fund school districts.

⁵³ H. 176 introduced by Rep. Waite sought to create a Municipal Education Trust Fund that would use a statewide property tax to fund two-thirds of the state foundation costs.

⁵⁴ H.541 introduced by the Committee on Education combined a statewide property tax on nonresidential property with a local income tax to fund a guaranteed yield formula.

⁵⁵ S.255 proposed to collect and distribute education funds up to the foundation level up to the foundation level on a regional basis.

18) Whom did the opponents speak for, whom did they represent?

19) As you look back, were other individuals or groups important participants?

If yes: 9a. Which ones?

9b. What positions did he/she/they take?

9c. Why?

20) In the House of Representatives, neither H. 55 nor H. 176 left their assigned committee. How did support coalesce around H. 541 and the idea of a statewide property tax on nonresidential property and vacation homes coupled with a local income tax? Were there any major trades, compromises, bargains needed to get this bill up and out of the Ways and Means and Appropriations committee?

21) Which participants were particularly effective in shepherding the legislation? Why were they effective?

22) When the school finance reform bill came up for formal consideration in the House, what issues were seen as most important?

23) What did participants do to win support and neutralize opposition?

24) The House passed the school finance reform bill 83 to 62. How did that decision get made? Who persuaded (bargained, directed) whom and how did they do it?

25) Were there any major compromises, trades, deals needed to win the floor vote?

If yes: 15a. What were the?

15b. Which participants were most involved?

15c. How did the compromises get made?

26) In your judgment, which individuals/groups were most responsible for the House decision?

27) In the Senate, support coalesced around the idea of a regional property tax to help even out differences in local property wealth. In your opinion, why did this happen? Were there any major trades, compromises, or bargains needed to get this bill out of committee?

28) Which participants were particularly effective in shepherding the legislation? Why were they effective?

29) When the school finance reform bill came up for formal consideration in the Senate, what issues were seen as most important?

- 30) What did participants do to win support and neutralize opposition?
- 31) The Senate passed the school finance reform bill 20 to 10. How did that decision get made? Who persuaded (bargained, directed) whom and how did they do it?
- 32) Were there any major compromises, trades, deals needed to win the floor vote?
- If yes: 22a. What were they?
 22b. Which participants were most involved?
 22c. How did the compromises get made?
- 33) In your judgment, which individual/group was most responsible for the Senate decision?
- 34) As you think back on the 1993/94 biennium was school finance reform seen as a high priority item in the session?
- 35) The house and senate bills were brought to conference in the spring of 1994 but could not be reconciled. In your judgment, why do you think this was the case? Did the legislature face any negative political repercussions in the 1994 election as a result of its inability to reach agreement on school finance reform legislation?⁵⁶
- If yes: 25a. Who?
 25b. What happened?
- 36) Newspaper reports characterize John Bloomer, President of the Senate, as using obstructionist tactics to prevent a successful conference committee. What was your take on the situation?
- 37) I understand from newspaper reports that Governor Dean waded into the school finance reform issue by crafting his “tax fairness plan,” which would become H. 74. Why? How was it received by school finance reform supporters/detractors?
- 38) Doug Racine and Barbara Snelling also debated the issue during their lieutenant governor’s race. Was there any impact on the outcome of the race? On future policy plans?
- 39) To the best of your knowledge, do you remember any other intersession activity involving school finance reform after the conclusion of the 1993/94 biennium?

⁵⁶ i.e. Ralph Wright, Speaker of the House.

1995/96 Biennium

- 16) During the 1995/96 biennium no fewer than nine House bills (H.18, H.74, H.93, H.115, H.166, H.309, H.321, H.351, H.641) and three Senate bills (S.320, S.322 and the Senate response to H.351) were introduced in the legislature. While legislators officially introduced the policy change, as you think back, were there other individuals or groups involved in the initiation of these measures?
- 17) Was anyone from the Governor's office involved in the initiation of the school finance reform legislation for this biennium?
- If yes: 2a. Who?
2b. What did he/she/they do?
2c. What role did he/she/they play?
- 18) Where there (other) legislative staff, executive staff or interest group representatives involved in the initiation of these bills?
- If yes: 3a. Who?
3b. What did he/she/they do?
3c. What role did he/she/they play?
- 19) What groups/individuals did the school finance reform legislation authors speak for, whom did they represent?
- 20) Why did these individuals/groups support school finance reform? What background factors were particularly important?
- 21) Which individuals/groups expressed opposition to the various school finance plans?
- 22) Why did they oppose these plans? What background factors were particularly important?
- 23) Whom did the opponents speak for, whom did they represent?
- 24) As you look back, were other individuals or groups important participants?
- If yes: 9a. Which ones?
9b. What positions did he/she/they take?
9c. Why?
- 25) In the House of Representatives, how did support coalesce around H. 351 and its idea of equalized yield with a homestead exemption? Were there any major trades, compromises, bargains needed to get this bill up and out of its committees?

- 26) Which participants were particularly effective in shepherding the legislation?
Why were they effective?
- 27) When the school finance reform bill came up for formal consideration in the House, what issues were seen as most important?
- 28) What did participants do to win support and neutralize opposition?
- 29) The House passed the school finance reform bill 89 to 54. How did that decision get made? Who persuaded (bargained, directed) whom and how did they do it?
- 30) Were there any major compromises, trades, deals needed to win the floor vote?
If yes: 15a. What were the?
15b. Which participants were most involved?
15c. How did the compromises get made?
- 31) In your judgment, which individual/group was most responsible for the House decision?
- 32) In the Senate, support again coalesced around the idea of regional property tax sharing. In your opinion, why did this happen? Were there any major trades, compromises, or bargains needed to get this bill out of committee?
- 33) Which participants were particularly effective in shepherding the legislation?
Why were they effective?
- 34) When the school finance reform bill came up for formal consideration in the Senate, what issues were seen as most important?
- 35) What did participants do to win support and neutralize opposition?
- 36) The Senate passed the school finance reform bill 17 to 10. How did that decision get made? Who persuaded (bargained, directed) whom and how did they do it?
- 37) Were there any major compromises, trades, deals needed to win the floor vote?
If yes: 22a. What were the?
22b. Which participants were most involved?
22c. How did the compromises get made?
- 38) In your judgment, which individual/group was most responsible for the Senate decision?

- 39) As you think back on the 1995/96 biennium was school finance reform seen as a high priority item in the session?
- 40) The house and senate bills were brought to conference in the spring of 1996 but could not be reconciled. In your judgment, why do you think this was the case? Was there any impact for the legislature due to the fact that it could not reach an agreement on school finance reform legislation?
- 41) The Brigham v. Vermont case was filed during this biennium. In your opinion, did this litigation have any impact on the legislature's actions? Governor Dean's actions?
- 42) Some legislators who were high-profile leaders of the school finance reform movement took legislative leadership⁵⁷ roles at the beginning of the 1995 session. What impact did this leadership transition have on the issue of school finance reform?
- 43) Can you discuss the events of the fall 1996 elections that led to the creation of a Democratic majority in the Senate? Why did the Democrats win the majority? What impact did it have on the succeeding legislative biennia?

1997/98 Biennium

- 18) During the 1997/98 biennium no fewer than eight House bills (H.83, H.133, H.135, H.232, H.256, H.286, H. 514, H.527) and one Senate bill (the Senate response to H.527) were introduced in the legislature. While legislators officially introduced the policy change, as you think back, were there other individuals or groups involved in the initiation of these measures?
- 19) Was anyone from the Governor's office involved in the initiation of the school finance reform legislation for this biennium?
- If yes: 2a. Who?
 2b. What did he/she/they do?
 2c. What role did he/she/they play?
- 20) Where there (other) legislative staff, executive staff or interest group representatives involved in the initiation of these bills?
- If yes: 3a. Who?
 3b. What did he/she/they do?
 3c. What role did he/she/they play?

⁵⁷ House W&M was chaired by Oreste Valsangiacomo, House W&M Vice Chair was Paul Freidin, and House Majority leader was Paul Cillo.

- 21) What groups/individuals did the school finance reform legislation authors speak for, whom did they represent?
- 22) Why did these individuals/groups support school finance reform? What background factors were particularly important?
- 23) Which individuals/groups expressed opposition to the various school finance plans?
- 24) Why did they oppose these plans? What background factors were particularly important?
- 25) Whom did the opponents speak for, whom did they represent?
- 26) As you look back, were other individuals or groups important participants?
 - If yes: 9a. Which ones?
 - 9b. What positions did he/she/they take?
 - 9c. Why?
- 27) In the House of Representatives, how did support coalesce around H. 527 and its plan for a local income tax coupled with a nonresidential state property tax to fund schools? Were there any major trades, compromises, bargains needed to get this bill up and out of its committees?
- 28) Which participants were particularly effective in shepherding the legislation? Why were they effective?
- 29) When the school finance reform bill came up for formal consideration in the House, what issues were seen as most important?
- 30) What did participants do to win support and neutralize opposition?
- 31) The House passed the school finance reform bill 81-62. How did that decision get made? Who persuaded (bargained, directed) whom and how did they do it?
- 32) Were there any major compromises, trades, deals needed to win the floor vote?
 - If yes: 15a. What were the?
 - 15b. Which participants were most involved?
 - 15c. How did the compromises get made?
- 33) In your judgment, which individuals/groups were most responsible for the House decision?

- 34) In the Senate, support coalesced around the idea of an income-sensitive statewide property tax coupled with a guaranteed-yield second tier local property tax. In your opinion, why did this happen? Were there any major trades, compromises, or bargains needed to get this bill out of committee?
- 35) Which participants were particularly effective in shepherding the legislation? Why were they effective?
- 36) When the school finance reform bill came up for formal consideration in the Senate, what issues were seen as most important?
- 37) What did participants do to win support and neutralize opposition?
- 38) The Senate passed the school finance reform bill 21 to 9. How did that decision get made? Who persuaded (bargained, directed) whom and how did they do it?
- 39) Were there any major compromises, trades, deals needed to win the floor vote?
- If yes: 22a. What were the?
22b. Which participants were most involved?
22c. How did the compromises get made?
- 40) In your judgment, which individuals/groups were most responsible for the Senate decision?
- 41) The house and senate bills were brought to conference in June of 1997 and were reconciled largely in favor of the Senate bill. In your judgment, why do you think the senate provisions prevailed? In your opinion, what factors allowed the House and Senate to reconcile a school finance bill in the wake of multiple past failures?
- 42) As you know, the Brigham v. Vermont ruling was issued shortly after the 1997 legislative session got underway. As you think back on the 1997/98 biennium how did the Vermont Supreme Court's ruling in the Brigham case impact legislative outcomes?

Adapted from: McCarthy, 2003; Geary, 1992; Malen, 1983.

Appendix G

Interview Evaluation

Informant Code:
Informant:
Position/Affiliation:
Then:
Now:

Date:
Time: _____ to _____
Duration:
Taped: _____ yes _____ no

1. Informant seemed:

Uninterested	_____	_____	_____	_____	_____	Interested
Reluctant	_____	_____	_____	_____	_____	Enthusiastic
Uninformed	_____	_____	_____	_____	_____	Knowledgeable

2. Informant distinguished between:

Informant remembered events clearly? _____ yes _____ no

Informant was proximate to events discussed? _____ yes _____ no

3. Interview seemed:

Hurried	_____	_____	_____	_____	_____	Comfortably
paced						
Tense	_____	_____	_____	_____	_____	
Relaxed/conversational						

4. Was the interview interrupted? _____ yes _____ no

Explanation:

5. Were there questions the informant was unable to answer? _____ yes _____ no

Explanation:

6. Were there questions the informant was unwilling to answer? _____ yes _____ no

Explanation:

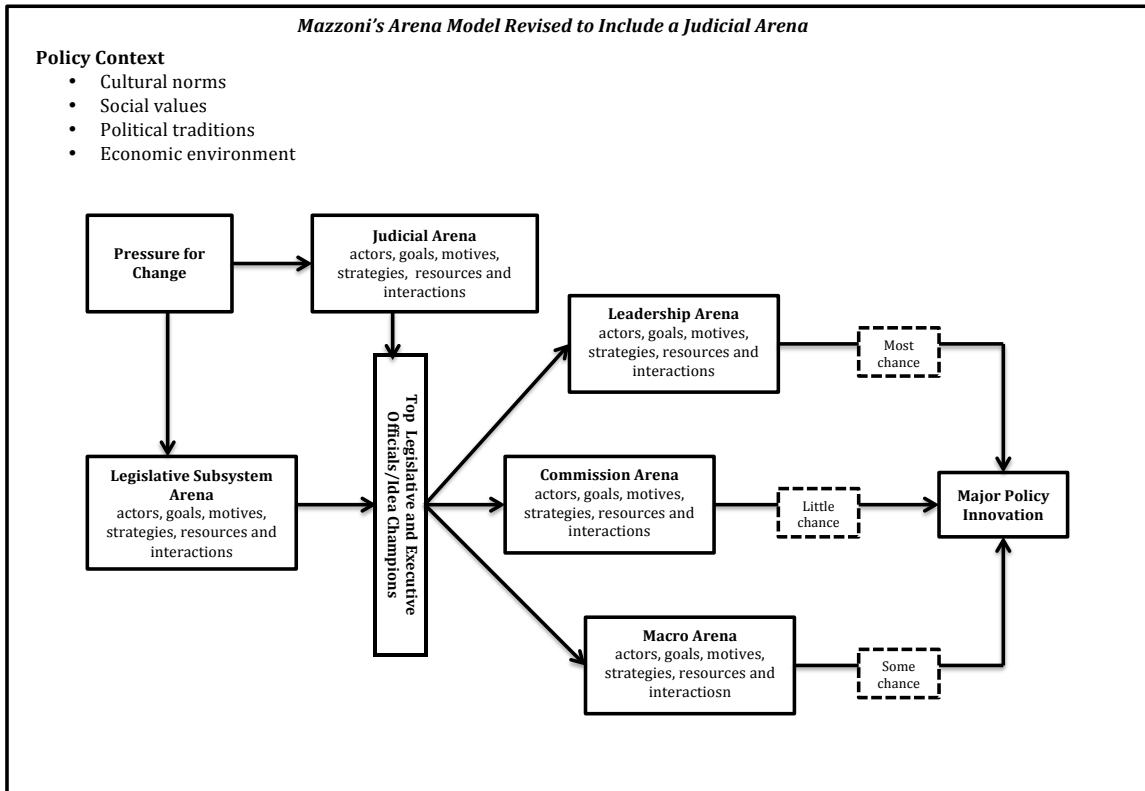
7. Was there informal post-interview conversation?

_____ yes _____ on topic _____ other topic _____ no

8. Comments:

Appendix H

Revised Arena Model



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