

**Joint Education Hearing  
Norwich Written Testimony  
January 25, 2024**

Good Afternoon. My name is Garrett Palm. I am the Chair of the Norwich school board and also serve on our Dresden school board – our interstate school district with Hanover New Hampshire. I am with Jay Badams, the Superintendent of our SAU 70. Thank you for allowing us the opportunity today to share our situation with the implementation of Act 127.

I want to begin by saying that my colleagues and I fully support the intent of Act 127. Those school districts in Vermont that have been underfunded deserve a system that allows them to provide for their students and their communities. The Norwich board voted unanimously in support of a VSBA resolution that advocated for the changes brought about by Act 127. Despite being the town that was set to see the single largest tax rate increase in the state as a result of the changes we never once opposed Act 127 (\*see page 68 in the [Report of the Task Force on the Implementation of the Pupil Weighting Factors Report](#)). In the time since Act 127 was adopted, we have been working to [educate our community](#) about the impending changes and promoting work to increase the diversity of our student population in Norwich.

I would like to turn it over to Jay to provide a quick overview of our interstate school district.

We are an [interstate school district](#), one of only two in the state. Our Norwich school board consists of five members who oversee our elementary school located in Norwich Vermont. The Norwich board members along with seven board members from Hanover New Hampshire, make up the Dresden Interstate school board overseeing our middle and high schools located in Hanover, New Hampshire. The two entities operate under the laws of their respective states.

Total expenditures in Norwich consist of the elementary school budget plus the share of the Dresden budget assessed to Norwich based on the percentage of Norwich students at the middle and high school. Roughly one-third of the Dresden budget is assessed to Norwich and the rest to Hanover. Put another way – which will make sense later in our testimony – only a third of any budget cut in Dresden is realized in Norwich.

For two years, the Norwich board has been educating our community about Act 127 and the likely impact on our tax rates. Yet the situation that we find ourselves in now is much worse than either we or the task force had projected. Board Chair Palm will detail the Norwich School Board's efforts, and to show that while they have supported greater tax equity and done everything a small district can do to contain costs, they are in a place they did not imagine – one that they can't cut their way out of and that threatens the viability of our school and community that I oversee as SAU 70's Superintendent.

This past December we were finally able to make some more accurate tax rate forecasts having received our new long-term weighted ADM and property yield numbers reflecting Act 127.

The result was a tax rate increase of over 36% before the application of the 5% cap. This has since increased to over 40% due to the further recent drop in the projected yield number. Although the 5% cap allows us to “ease” into this projected 35%-40% tax rate increase, after the application of the CLA we are still anticipating a tax rate increase of over 15% in Year 1 with similar or even greater increases to come in the years to follow.

Knowing that this magnitude of higher taxes was going to be a hard sell in our community we spent time analyzing various scenarios to potentially lessen the increase. That work was eye-opening. To come in just under the 5% cap threshold, we determined that we would need to cut over \$2.5 million from our elementary school budget which is only \$7.8 million. If we wanted to come in with a 0% tax rate increase, we would need to cut nearly \$4 million. To put this in perspective, this is the entire amount of the regular education portion of our budget – all teacher salaries, benefits and classroom supplies.

In one scenario we looked at cutting every K-6 class down to 1 section. This would result in a reduction of 12 classes (and 12 Regular Ed Teachers in these classrooms). This would represent 43% of our K-6 Regular Ed Teachers, result in an average class size of 42 students, yet would only reduce expenses by about \$1.4 million and still result in an estimated tax rate increase of over 27%.

You may ask why not spread these cuts to Dresden? This is where the challenge of the interstate school district comes into play. Our Hanover colleagues have been extremely sympathetic to our situation, but if they are pushed to entertain cutting programs, increasing class sizes or deferring maintenance – all of which they would consider harmful for their students, I foresee considerable strain on the interstate relationship. Even if they make such cuts, the configuration of the interstate agreement means that we would need to cut \$3 million from the Dresden budget in order for Norwich to realize \$1 million in savings.

Regardless, the magnitude of the cuts required to achieve these levels of savings, no matter where we make them in our district, will profoundly disrupt our schools, require significant layoffs and increases in class sizes to levels that far exceed guidelines in both states.

At our Norwich meeting on January 11<sup>th</sup> we voted to approve our final budget for presentation to voters on Town Meeting day. Like many other districts we became aware of the opportunity that the law provided for us to add some additional spending without increasing the tax rate. We took advantage of that. Over the summer of 2023 we contracted a facilities audit to better understand the condition of our buildings and the cost of repairs. We identified several items that needed to be addressed. We made the decision to add an additional \$1.425 million dollars to our budget to fund new boilers and an upgraded heating system, new LED lighting, weatherization of the building and a partial new roof. These items would provide substantial future cost savings for our taxpayers as well as significantly cut carbon emissions. We understood that this would be an additional burden on the education fund but we were also very worried about the pending tax increases in our local community.

Then last Friday we received your letter. In response we scheduled a board meeting and two nights ago the board voted to remove nearly all of the \$1.425 million from the budget. Instead, we are pursuing a 10-year lease to handle a scaled back version of the facilities improvements. The net impact is an additional \$89,000 in next year's budget. We are trying to do our best to balance the needs of our community with the needs of the state.

While all of this addresses the immediate concerns in Norwich, it's the long-term impacts of Act 127 that truly keep me awake at night. With very conservative spending estimates over the next five years, we have forecast that Norwich education tax bills will more than double. Our projections show that the taxes paid on a \$200,000 home will increase from just under \$4,000 next year to just over \$8,000 by the 2029 school year. A \$600,000 home will likely see taxes increase by over \$13,000 over that same time period. These types of increases are not sustainable, and I hope that this is not the type of equity we sought.

In the longer term, given the impending cuts, I am unsure we will have a school in the next decade. I cannot defend a school with class sizes of 40+ students. I am concerned for those in our community – a community already with a higher-than-average number of households with two working professionals – who will not be able to afford these increases in property taxes. Because we are tied to a larger community in a different school district – a community that does not have to support redistribution – we are unable to vote, nor benefit, from the cuts at the secondary level, so the entire burden will fall on the elementary level.

All of this has jumpstarted conversations in our town around affordable housing and diversity – things that are in my community's control to try and bend the curve on affordability. Yet these higher taxes are only going to make our affordability issues even worse. Residents are being replaced by second homeowners who benefit by paying an increasingly lower Non-Residential tax rate. Developers will likely be disincentivized given our tax rates will be an order of magnitude higher than even our neighbors in Hanover. To this end, we sit next to one of the highest wage, highest job density regions in our State. Yet we will no longer have the capacity to support municipal investments that would make it possible to build workforce housing that could continue to fill our school with students and expand opportunities for a new generation of Vermonters.

In the immediate term, I still need to stand in front of people on Town Meeting Day and explain to them why their tax rates are going up by over 15% this year and 40% when the cap inevitably expires. I will need to explain their taxes will go even higher unless we start making immediate cuts to our school staff. I will need to explain to them that even if they vote the budget down, I will be unable to cut enough money from the budget to change the situation.

I consider myself an optimist, but as I reflect on these things, I am having hard time staying positive. I am debating whether I even want to be the face of the school board delivering these messages to our community, teachers and students – changes that will profoundly change their schools in a negative way. Looking at the staggering tax rate increase we are facing and zero ability to help the school or our residents, I do not believe there is a positive future for Norwich.

In closing I am here today to share our story from Norwich but also to ask for help. We firmly believe that every district in the state deserves access to the resources they need to serve their students, but I'm concerned that despite the best intentions of Act 127, the implementation of this law has placed those of us on the other end of the spectrum in an impossible situation. I hope that we can work together on a solution that works for all Vermonters.