



TO: Senate Education Committee

FROM: Sue Ceglowski, Executive Director, Vermont School Boards Association

RE: Act 29, School District Budget Pressures, Concerns from School Boards

DATE: January 4, 2024

Good afternoon. I am Sue Ceglowski, Executive Director of the Vermont School Boards Association (VSBA). VSBA is a non-profit, membership organization with the purpose of supporting school boards in fulfilling their duties, promoting public education, and providing a collective voice for strong education policy in Vermont. VSBA has demonstrated a steadfast commitment to equity of opportunity and a strong, sustainable public education system.

Act 29 of 2023 (School Safety)

You asked me to provide you with an update on Act 29, the school safety law that was passed last session. The law included several new requirements for school districts, including a requirement that school boards adopt a policy mandating biannual options-based response drills and a policy on access control and visitor management by August 1, 2023. VSBA worked quickly to develop model policies so that school boards could adopt these policies by August 1.

In September, the AOE issued guidance regarding egress evacuation and options-based response drills for the 2023-2024 academic year. At that point, we started hearing from the field expressing concern that the guidance did not align with the law. As a result, the AOE revised its guidance and the VSBA worked with the AOE to align our policy on options-based response to violent intruder drills with their revised guidance. It was an iterative process and we have not heard of any new concerns since the guidance and the model policy were re-issued in October.

VSBA also participated in the AOE behavioral threat assessment teams stakeholder engagement meetings that the AOE assembled to inform their work on the model policy they were required to develop under Act 29. The AOE issued a draft policy on Behavioral Threat Assessment Teams in late November for public comment.

We provided public comment on the draft policy, including raising concerns about whether the draft policy meets the requirements set out in law and concerns that schools would not be able to implement the policy as drafted. We also expressed concern that the Agency had not developed the required procedures, and, to our knowledge, was not planning to do so. The law requires schools to implement a policy and procedures that are “as comprehensive as the model policy and procedures developed by the Secretary”. We have not seen any subsequent drafts of the AOE policy, nor have we seen any procedures, both of which were required by law to be issued by December 15, 2023.

School District Budget Pressures

You also asked for information about budget pressures being experienced by school boards. Several factors have combined to make this a very challenging budgeting year for school boards. They include: the sunset of federal COVID relief funds, inflation, increased costs of health benefits for school employees, increasing staff to student ratios, school facilities needs and the Act 127 (pupil weighting bill) changes being implemented this year. I will talk about each of these factors in a bit more detail.

Federal Relief Funds

Due to the pandemic, districts had an unprecedented influx of federal ESSER funding for the past 3 years which is ending abruptly this year. However, the increased challenges associated with the pandemic (e.g. mental health, learning recovery) will continue after the funds run out.

Districts that used ESSER for recurring financial commitments will likely experience greater budgetary challenges after 9/24 (Roza, Edunomics). Examples of recurring commitments are

- Hiring new employees
- Larger salary increases
- New technologies that require annual fees
- Facilities expansions/renovations with coinciding ongoing utilities costs

Inflation

Districts are experiencing rising non-labor costs due to inflation, including increases in fuel costs, utilities, food, and maintenance costs

The role of inflation in contract negotiations has an even larger impact on school budgets than non-labor costs. Educators, like everyone else, are paying higher costs of living. District budgets are impacted more if one time federal funds were used to increase pay scales. Labor market scarcity and competition between school districts to attract employees has been driving wages up as well.

Increasing Costs of Health Benefits for School Employees

Earlier this afternoon, I testified in the House Education Committee about the uncontrolled rise in the cost of school employee health benefits. School employee health benefits are a major cost driver in school district budgets. The statewide negotiations process, as currently

structured, has not been successful in slowing the rate of growth of the cost of school employees health benefits. Cost containment (bending the curve of future increases in cost) is needed in order to avoid further jeopardizing educational opportunities for students and maintenance of facilities.

Increasing Staff to Student Ratios

On a per student basis, school staffing levels are hitting an all time high nationally. In Vermont (where we have declining enrollment statewide) school staffing levels per student have likely increased as well due to the increased needs of students and the availability of federal funds to pay for more staff to address the needs.

School Facilities Needs

School facilities maintenance and remediation are key cost drivers in school budgets. There has been no capital construction aid for schools in Vermont since 2007 and there is a growing backlog of deferred maintenance and renovation projects. The statewide school facilities assessment required by Act 72 (covering 384 buildings) is complete and I am sure this Committee will receive detailed testimony from the Agency of Education on the assessment.

Act 127

VSBA, VSA and VASBO worked together to offer our members an educational webinar in November of 2023 on the fiscal pressures impacting school districts for FY25 budgeting, focusing on Act 127 of 2022 (pupil weighting bill).

In addition, the Vermont Superintendents Association and the Vermont Association of School Business Officials held a joint conference in early December some of which was devoted to building a stronger understanding of the principles and mechanics of the Act 127 adjustments to the education funding system.

VSBA and the other Associations have taken a keen interest in FY2025 budgeting dynamics and have observed that the cost pressures currently affecting school spending as well as the changes associated with Act 127 and the manifestation of dramatic increases in property values (CLA) are adding up to a very challenging budgeting process this year.

Concerns from School Boards

School boards are deeply concerned about the many cost drivers that affect school district budgets which are out of the school boards' control. The list includes: alarming increases in the cost of school employee health benefits, shifting of costs for mental health support onto schools, PCB testing, remediation and mitigation requirements that have not been well planned or sufficiently funded by the State, and a universal meals program funded by the Education Fund without a dedicated revenue stream. All of the items on this list contribute to the increase in taxpayers' obligations under school budgets in ways that cannot be controlled by school boards. The good news is that you, as legislators, have the ability to influence these factors.

During the last legislative session , VSBA urged the General Assembly (to no avail) to identify and implement a dedicated revenue stream for the universal meals program. As noted in the Fiscal Note for S.165 dated March 31, 2023: “Without adjusting any non-property tax revenue streams, establishing a universal school meals program as an ongoing obligation of the Education Fund would require increasing property taxes to fund the program and keep the Education Fund balanced.” At that time, VSBA testified that funding the program through increased property taxes is likely to cause significant challenges for school districts to pass budgets funding their core educational programs in the future. That future is now. And again, legislators are the people who control this cost factor.

I would be remiss if I did not speak to VSBA’s and the field’s perspective with regard to the need for strong state leadership for public education overall. To respond to the state board’s general invitation to inform the process for the appointment of the next Secretary of Education, VSBA, VSA and VPA conducted an anonymous poll of our members. One strong theme that we heard through responses was that capacity and expertise on the part of the AOE needs to be improved. Those concepts are challenging to respond to specifically but I felt it was important to cite them thematically.

I’d like to end by providing the Committee with VSBA’s 2024 legislative platform. This double sided handout has information about VSBA as an organization on the front page, including the vision, mission and beliefs of the VSBA and information about our members. On the other side of the handout, there is information about the VSBA resolutions process and key resolutions affecting our legislative advocacy during the 2024 session.

We value the opportunity to inform the Senate Education Committee’s work and look forward to working with all of you over the coming months.

Thank you.