

TO: Senate Committee on Finance  
FROM: Jeff Fannon, Executive Director  
DATE: February 23, 2024  
RE: Education Finance Discussion

---

Good afternoon and thank you for the opportunity to talk with you today. Too often, the conversation around education revolves around money – tax rates, funding formulas, school budgets – and not on who should be front-and-center: Vermont’s children, our future.

Of course, discussions of school finance are a necessity. But at this time – when we are just beginning to recognize the effects of a shattered social safety net, a global pandemic, economic upheaval, and increased trauma – we must put the needs of our students first. They must have all of the resources they need to succeed. They deserve schools that are staffed adequately and fairly, so that the needs of all students can be addressed. They deserve schools that aren’t filled with poison; that aren’t crumbling; and aren’t kept together with duct tape and hope 20 years after the state made a decision to end the state aid for school construction resulting in significant deferred maintenance costs. And students deserve educators – thousands of your fellow working-class Vermonters – who are paid fairly; have robust healthcare benefits; and whose working conditions allow them to be the very best they can be so that all students can thrive.

You’ve heard from superintendents and school boards, who have eloquently laid out the cost pressures they face this year, through no fault of their own. A once-in-a-generation confluence of events – Act 127 and its 5 percent cap provision; crumbling infrastructure that has suffered from decades of neglect by the state; increased social service needs; inflation; and a rise in health insurance costs – has led us to where we are.

However, instead of talking solely about how to cut costs, we must identify what students need and our communities deserve, and then find a way to ensure that we do not shortchange Vermont’s children. This is what local school boards and school administrators do every year when they work hard with their communities to develop their budgets. I want to address two key issues raised by others recently: staffing ratios and health insurance costs.

Sadly – and frankly, predictably – we are seeing a resurrection of the flawed notion of staffing ratios. The last time this was proposed – by Gov. Scott – we saw what was really going on: to achieve his “modest” proposal would have resulted in the loss of more than 4,000 educators from our workforce. Again, this focus on numbers instead of what our students need and deserve would have led to devastating consequences for Vermont’s children, not to mention for the thousands of laid off Vermonters, Vermonters who dedicate their careers to public education, pay taxes and support their local economy.

On health insurance, I want to remind this committee that health insurance costs are rising at the same unsustainable clip for all Vermonters. Every sector of the state's economy – private sector and public sector – is hit by the systemic failures of our healthcare system. The cost of drugs never seems to go anywhere but up; hospitals charge more and more every year; leaving the state's workers, companies, and institutions to pick up the increasingly hefty bill.

Before I go into more detail on staffing ratios and the rise in healthcare costs, I want to mention how laws passed in this building have real consequences for local public schools, their boards, their communities, and, most importantly, their students.

The state's role in this perfect storm is challenging. The passage of several laws increased the burdens on schools, and the way schools meet those burdens is to hire staff to accomplish that work to assist students. Act 46, for example, was an educational opportunity law that suggested school governance changes would create new structures that would provide students with greater educational opportunities. Reviewing the success of that law is a worthy endeavor. Additionally, Act 173 asked schools to change how they provide educational services to struggling students, but the 4-year phase-in of that law to allow for professional development ("PD") provided by the Agency of Education of educators never took place. That PD work has recently begun in earnest, with little support from the AOE, but again, that requires resources to allow a teacher to leave her class to get training, and we cannot and don't leave students unattended when teachers get required PD. Finally, Act 127 was passed to give schools that had been subsidizing wealthier communities greater spending capacity, and they complied with the law's intention, which isn't surprising.

Now for the details on school staffing levels and healthcare.

### **School Staffing**

The issue of appropriate levels of school staffing has long been an issue discussed by the legislature. Most recently you passed Act 11 of the 2018 Special Session, which created the Staff-to-Student Ratios Task Force, and the report from that task force is linked here: [AOE Report Template \(vermont.gov\)](#).

In short, the report made three recommendations:

1. The task force recommends that the General Assembly not include in statute specific thresholds or benchmarks for staff-to-student count ratios for FY 2021. Rather, this report provides a basis for further discussion and deliberation on the part of state and local policymakers, administrators, and educators statewide.
2. The task force recommends that the Vermont Agency of Education compute and report on an annual basis the staffing ratios included in this report. This information should be reported by SU/SD as well as according to the SU/SD grouping categories included in this report. This information could be presented on the Agency's existing dashboard of indicators publicized for SU/SDs. An ongoing understanding of staffing arrangements, particularly in light of ongoing changes in educational governance, is essential.
3. The task force recommends additional research on staff-to-student ratios in schools with geographically-proximate independent schools and in SU/SDs with expanded school choice options. In doing so, particular consideration should be given to the implication of

enrollment patterns on student-teacher ratios (general and special education) and student support staff ratios.

To the best of my knowledge, as they relate to the AOE, these recommendations have not been carried out, but certainly the discussion you had the other day about the need for better data collection, including a “common chart of accounts” with which all schools will report data, still is a missing piece of the puzzle.

The third recommendation focused on the fact that in some parts of the state we are operating two education systems, one private and one public, and whether that fact caused unwanted staff-to-student staffing ratios. That dual system hasn’t changed.

What we have heard consistently from Vermont-NEA members, administrators, and school board members is that the needs of children are massively larger than before the pandemic. Students’ social and emotional well-being has become a priority in every school. The state’s underfunded mental health system and social safety-net has been in trouble for many years and collapsed during the pandemic, and it has not been rehabilitated whatsoever. Public schools, therefore, over the past several years, stepped into the breach and hired staff to meet the needs of students, thereby adding to the education fund expenses that traditionally were a general fund obligation. For example, on January 11<sup>th</sup> you heard from Montpelier-Roxbury superintendent Libby Bonesteel about her school system doubling its expenditures to meet students’ social and emotional needs by hiring 12 new staff members since 2021.<sup>1</sup> That district is not an outlier by any stretch. That shift of an expense from the general fund to the education fund-and the resulting lowered staff ratio-is not the fault of schools or property taxpayers, and it is not good public policy to expect our students to pay the price for that shift in funding of crucial services.

### **Health Insurance Costs**

The history of health care in Vermont is long and tortured. The history of school employee health care is equally challenging, but some brief notes are worthy of your attention, although I know I am followed by the two VEHI co-administrators, so I’ll let them give you the history of VEHI and how it was created and how it has evolved.

In brief and for your purposes today to discuss the current situation around education spending, the evolution of VEHI included moving to high deductible health plans that were supposed to address the myth that educators were seeking unnecessary health care. As we believed previously and continue to think today given the evidence, nobody is receiving unnecessary or

---

<sup>1</sup> “Since 2021, MRPS has doubled our spending in this area going from around \$1.4 million to approximately \$3 million in spending in 3 years. We have added 12 positions dedicated to student mental health and SEBL out of necessity.”

frivolous health care, which is to say these plans don't work to reduce the amount of care any Vermonter is receiving, including educators. Instead, these plans attempt to shift who pays.

Additionally, in 2017 the governor and school boards sought to have educator health care bargained at the state level, and we do that now. Act 11 of the 2018 Special Session also contained the change to statewide educator health care bargaining. We have completed two rounds of statewide health care bargaining and are starting the third round very soon. That law required the then existing health plans to remain in place for a period of time, which has since passed, and recently both sides had a productive preliminary discussion about new health plans. We remain hopeful that any new plans will change the conversation about who pays how much to a conversation about lowering the cost of health care for both school boards and employees.

For more than two decades, Vermont-NEA has attempted to move the needle on systematic health care reform to lower the cost of providing health care to school employees, their students and all Vermonters. Given the instant large increase for health care for the entire state, VEHI just approved its support of a reform measure that we believe will lower the cost of care, as has been the case in other states. VEHI's board voted to support S.98, the prescription drug affordability board ("PDAB"), sponsored by Sen. Ram-Hinsdale and under very active discussion in the Senate Committee on Health and Welfare. We also believe moving to referenced based pricing ("RBP"), as it has done in other states, could save millions for the entire state and more specifically for school districts and employees. Again, we are hopeful VEHI's board will adopt a resolution in support of RBP to lower the cost of care for all Vermonters, including educators and school boards.

Finally, as a state we need to continue to have serious conversations about our demographics and how we can attract and retain new residents – this includes maintaining and supporting strong public schools – but also includes critical issues like continuing to address our housing crisis and making investments in workforce housing, among other issues.

As always, we and our 13,000 members stand ready to work with you as we figure out how to best meet the needs of our state's students. Those children are not merely equalized pupils on somebody's spreadsheet – they are Vermont's future.

And they deserve not to be shortchanged.