

Education Cost Drivers

Lamoille South Supervisory Union

Senate Finance Committee

February 20, 2024

What improves student learning outcomes?

The #1 Impact on Student Learning is Teacher Quality

The #2 Impact on Student Learning is Principal Quality

Source: Grissom, J. A., Egalite, A. J., & Lindsay, C. A. (2021). How principals affect students and schools. Wallace Foundation.

School Improvement - What Works

Adding more parts (people, tools, material resources)-even great parts—does not assure a quality result. Rather we must attend to how all of this joins productively together for the people charged with carrying out this work and for those that they seek to serve. In short, we must make systems work better.

– Atul Gawande

A decorative graphic consisting of a series of blue dots of varying sizes, arranged in a wavy pattern that flows from the left side of the page towards the right, underlining the text.

Data on Teacher / Principal Quality

- Rising Number of emergency licenses
- Declining Preparation Program Enrollment
- Pension Challenges
- Housing Challenges
- Low number of applicants
- Question: Would you convince your own child to become a teacher?

Investment Priorities

- Vermont is ranked **#2** in School Spending
- Vermont is ranked **#50** in student enrollment per teacher (2nd lowest class sizes)
- Vermont is ranked **#19** for Teacher Salaries and is approximately **\$6,000** below the national average.

Source: JFO [Report](#) & NEA Annual [Data](#)

Realities and Challenges in Vermont

Youth Mental Health Crisis
Limited Placement Options
Opioid Epidemic
Homelessness
High Cost of Living
Healthcare
Housing / STRs
Excessive School Spending
Declining Enrollments

Agency of Education
Data System
Legislative Mandates
Academic Performance
School Building Needs
PCB Testing
Hiring / Retention
Balance of Local Control
Small Schools / Rural State

Spending and Budget Impact

Things schools can control:

- Employee hiring, supervision, and evaluation.
- Negotiated Agreements
- Materials / Curriculum Purchases
- Professional Development Offerings
- Athletics / Extracurricular
- Future Planning
- Calendar
- Class Size

Things schools cannot control:

- Act 127 Tax Changes
- Common Level of Appraisal (CLA)
- Property Values
- Property Yield
- Health Care Increases
- Legislative Mandates (i.e., PCB Testing / Remediation, Act 173 special education)
- Needed Capital Improvements
- PCB Contamination
- Inflation
- Special Education Needs
- Mental Health / Substance Abuse
- Housing / Pupils Enrollment
- Poverty
- Fuel Costs / Inflation

Act 127 Impact

- Assumes certain districts have been operating with excessive spending while ignoring the COVID impact on students.
- Assumes a direct correlation between spending and student outcomes*.
- Provides for the full benefit in Year 1 of new pupil weights.
- Incentivizes cost drivers (e.g., small schools, overreliance on paraprofessionals) that prior legislation attempted to address (e.g., Act 46 and 173)

Note: The JFO [Report](#) highlights that research does not support that more spending results in better student performance.

Scenario #1 - Stowe w/ Current Law (Act 127)

Yield 9171 and Cap at 5%

	Ed Spending	Pre-CLA Tax Rate (per Act 127)	Budget Reductions	Property Tax Increase
1st Warned Budget	\$17,999,298	1.37	\$0	24%
	\$17,749,298	1.37	\$250,000	24%
	\$17,499,298	1.37	\$500,000	24%
FY24 Budget	\$15,039,500	1.37	\$2,194,323	24%
	\$14,400,000	1.36	\$3,599,298	22.21%

*** Note: This slide shows that with current law, Stowe would have the same tax rate if they spent \$18M or \$15M.**

Scenario #2 - Stowe (Cap Removal)

Note	Ed Spending	Pre-CLA Tax Rate (per Act 127)	Reductions from Budget	Property Tax Increase
1st Warned Budget	\$17,999,298	1.56	\$0	40%
2nd Warned Budget	\$16,428,823	1.41	\$1,570,475	27%
Option Provided	\$16,228,823	1.39	\$1,770,475	25%
Scenario Provided*	\$15,628,823	1.21	\$2,915,475	9%
FY24 Budget	\$15,039,500	1.21	\$2,959,798	8.63%

* Note: This scenario was only hypothetical and our schools could not safely operate. However, we would still see a 9% property tax increase.

Stowe Tax Capacity

- 49% of Stowe Homesteaders are paying more than 30% of their income towards housing.
- This is 25% higher than the Vermont average.
- More increases will result in significant consequences for many.

Select a view to display:

- % of all households
- Households

Cost burden level

- Paying 30-49% income
- Paying 50% income or more



Source: U.S. Census Bureau: American Community Survey 5-year estimates (Table B25091)

Scenario #3 - Elmore-Morristown (Act 127)

Yield 9171 - 5% cap used for warned budget

	Ed Spending	Pre-CLA Tax Rate (per Act 127)	Reductions	Estimated Property Tax Increase Morristown	Estimated Property Tax Increase Elmore
Warned Budget	\$16,039,902 (7% Increase)	1.26	\$0	18%	25%
	\$15,789,902	1.24	\$250,000	17%	23%
	\$15,539,902	1.22	\$500,000	15%	21%
FY24 Budget*	\$14,901,675	1.17	\$1,138,227	13%	16%

*** Note: Even when presenting a level budget which would not allow safe operation for schools, EMUU (a district benefiting) would still see a 4.24% property tax increase due to Act 127.**

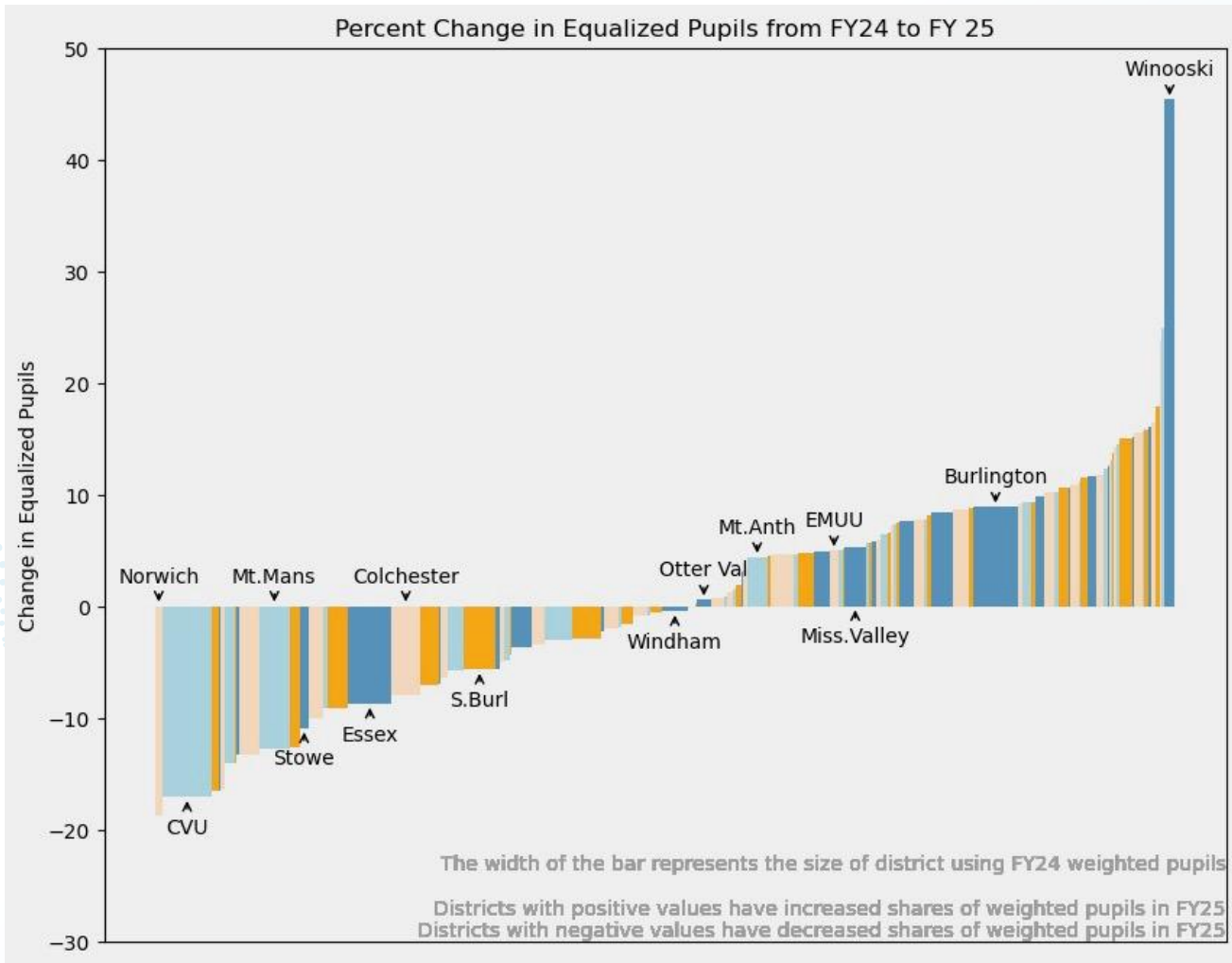
Scenario #4 - Elmore-Morristown (Cap Removal)

\$9,775 Yield

	Ed Spending	Pre-CLA Tax Rate (per Act 127)	Reductions	Estimated Property Tax Increase Morristown	Estimated Property Tax Increase Elmore
Warned Budget	\$16,039,902	1.18	\$0	11%	17%
	\$15,789,902	1.17	\$250,000	9%	15%
	\$15,539,902	1.15	\$500,000	8%	14%
FY 24 Budget	\$14,901,675	1.100	\$1,138,227	3%	9%

*** Note: Even though EMUU is identified as a district that should benefit and was 98th out of 122 districts in spending, we are still seeing a 14% property tax increase due to Act 127.**

Percent Change in Pupils



Percent Change in Ed. Spending

Education Spending Comparison FY24 to FY25 *Data provided by the state on 2/14/24

Note: Although Elmore-Morristown and Stowe are 93rd and 98th for ed spending increases, they will still see significant property tax increases (Morristown ~ 11%, Elmore ~18%, Stowe ~ 27%)

Rank	District	FY2024 Ed Spending	FY25 Ed Spending	Change
1	Windham	380,069	575,112	51.32%
2	Craftsbury	3,635,905	5,171,418	42.23%
3	Windsor Central UUSD	21,582,484	30,429,143	40.99%
4	Winooski ID	20,740,015	29,171,428	40.65%
5	Westfield	630,480	843,798	33.83%
6	Cabot	3,410,416	4,453,819	30.59%
7	Granville-Hancock USD	1,555,734	1,991,340	28.00%
8	Echo Valley Community School Dist	5,340,340	6,682,797	25.14%
9	Charleston	2,267,842	2,832,507	24.90%
10	Lake Region UHSD	7,174,251	8,959,536	24.88%
11	Lamoille North MUSD	15,442,449	19,273,218	24.81%
12	Kingdom East USD	35,494,665	44,121,455	24.30%
13	Missisquoi Valley School District	33,981,084	42,227,407	24.27%
14	Holland	890,663	1,103,063	23.85%
15	First Branch USD	7,013,878	8,672,275	23.64%
16	Lowell	1,774,059	2,177,580	22.75%
17	South Hero	4,217,303	5,164,470	22.46%
18	Troy	3,530,017	4,319,866	22.38%
19	West River UED	6,372,400	7,766,681	21.88%
20	West River Modified Union Educatio	6,303,947	7,683,251	21.88%
21	Newport Town	3,029,959	3,684,817	21.61%
22	Pittsfield	837,278	1,014,593	21.18%
23	Blue Mountain USD	8,205,638	9,937,288	21.10%
24	Champlain Islands UUSD	8,543,155	10,331,866	20.94%
25	Brighton	2,366,630	2,854,513	20.62%
26	St. Johnsbury	20,942,310	25,132,825	20.01%
27	River Valleys USD	6,065,247	7,272,231	19.90%

Full List [HERE](#)

Education Spending Cap - Why it works

Myth	Reality
<ul style="list-style-type: none">- It will not allow low spending districts to “catch up”	<ul style="list-style-type: none">- Most districts with higher needs are already spending significantly more than others. If the cap was set at 10%, that is still a significant increase year over year. There could also be a “spending review” as written in Act 127.
<ul style="list-style-type: none">- It goes against the Brigham Decision as it would disadvantage those with a lower grand list, smaller schools, or a population that has more significant needs.	<ul style="list-style-type: none">- This is incorrect. The size of a grand list does not advantage towns in Vermont. This is pre-Act 60 information as property tax money is state money.- Districts would still be affected by weighted pupils and tax rates adjusted by the yield and CLA, therefore the size of their school or population would still give districts with higher needs a significant increase in spending capacity.
<ul style="list-style-type: none">- It might incentivize districts to spend up to the cap as we saw with Act 127.	<ul style="list-style-type: none">- The 5% Cap in Act 127 was different as it capped tax rates, not spending. This encouraged spending which this does not do.

Education Spending Cap Solution

- Still allows reasonable increases to year over year spending.
- Can include a provision for a “spending review” or categorical aide that ensures money is directed to students.
- Allows the state to set yield one year in advance.
- Will most likely be well received by Governor Scott.
- Supported by effectiveness in other states (e.g., Massachusetts).

Spending Cap Modeling - Stowe

	Education Spending*	% Increase from prior year	Number of Actual Students	Per Pupil Spending	Tax Rate
FY24	\$15,039,500		789	\$19,061	1.31
FY25 (Warned Budget)	\$16,428,823	9%	789	\$20,822	1.41**
FY25 (With 10% Cap)	\$16,428,823	9%	789	\$20,822	1.41
FY26 (With 10% Cap)	\$17,250,264***	5%	789	\$21,863	1.23
FY28 (With 10% Cap)	\$18,112,777	5%	789	\$22,957	1.35
FY29 (With 10% Cap)	\$19,018,416	5%	789	\$24,104	

A statewide cap would allow for a higher yield, lowering the tax rate further.

*Education Spending = Expenditures - Revenue (Does not include Federal Dollars).
 **Since Stowe lost pupils (proportionally), they take advantage of the 11 cent discount.
 ***It is highly unlikely that Stowe would put forward a 10% spending increase in FY26 due to tax pressure.

Spending Cap Modeling - Winooski

	Education Spending*	% Increase	Number of Actual Students	Per Pupil Spending	Tax Rate
FY24	\$20,740,015		759	\$27,325	1.49
FY25 (Warned Budget)	\$29,171,428	41%	759	\$38,434	1.43
FY25 (With 10% Cap)	\$22,814,017	10%	759	\$30,058	1.12
FY26 (With 10% Cap)	\$25,095,419	10%	759	\$33,064	1.23
FY28 (With 10% Cap)	\$27,604,960	10%	759	\$36,370	1.35
FY29 (With 10% Cap)	\$30,365,457	10%	759	\$40,007	

A statewide cap would allow for a higher yield, lowering the tax rate further.

*Education Spending = Expenditures - Revenue (Does not include Federal Dollars).

Spending Cap Modeling - Barre

	Education Spending*	% Increase from prior year	Number of Actual Students	Per Pupil Spending	Tax Rate
FY24	\$39,645,397		2046	\$19,377	1.16
FY25 (Warned Budget)	\$43,680,046	10%	2046	\$21,349	1.22**
FY25 (With 10% Cap)	\$48,048,051	10%	2046	\$23,484	1.22
FY26 (With 10% Cap)	\$50,450,454***	5%	2046	\$24,658	1.23
FY28 (With 10% Cap)	\$52,972,977	5%	2046	\$25,891	1.35
FY29 (With 10% Cap)	\$55,621,626	5%	2046	\$27,186	

A statewide cap would allow for a higher yield, lowering the tax rate further.

- *Education Spending = Expenditures - Revenue (Does not include Federal Dollars).
- **Since Barre lost pupils (proportionally), they take advantage of a 3 cent discount.
- ***It is highly unlikely that Barre would put forward a 10% spending increase in FY26 due to tax pressure.

Summary

- Vermont is experiencing very high needs combined with excessive spending.
- A large percentage of spending challenges facing schools are outside of local control.
- Current system is not monitoring connection between spending and student learning outcomes.
- Unless the spending of all districts is addressed, these needs will be exacerbated with additional poverty and financial hardship.
- Everyone needs to do their part.