

Representative Beck
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All of the discussion to date regarding education cost containment has occurred in the box that is Act 60. H.361, I believe is a very strong step toward giving Vermont districts the tools they need to reduce costs, however, it does not guarantee that districts will reduce costs.

The restrictions envisioned by modifying the small schools grant and phantom student provisions will force many districts to reconsider the actual costs of educating their children, but it does not require that they reduce their annual request from the Ed Fund.

Consolidation of districts will likely lead to administrative savings, but there is nothing to prevent the same districts from growing other parts of their budgets and eliminating the savings achieved through consolidation.

It is possible that the Ed Fund may see little change in requests for education funds from the districts. Since the passage of Act 60, districts have raised their spending far faster than inflation, even with a dramatic decline in the number of Vermont students. I believe that the primary reason for this is that when a district decides to increase its spending, it only has to generate a portion of the additional funds through its homestead tax rate. The rest comes from other districts and non-homestead tax revenue sources. In effect, it's easy for a district to spend when it receives a discount.

In essence, Act 60 rewards two groups: property poor districts, which I applaud, and districts that spend extravagantly, which troubles me.

A block grant proposal, as I am working on, would continue to reward property poor districts, but instead of rewarding high spending districts, it would reward those districts that keep spending low.

It is a simple plan. All homestead taxpayers would pay a single uniform rate of \$2.41, staying compliant with *Brigham*. Each district would receive a set block grant amount of \$18,000 for each equalized pupil.

For those districts that spend less than their block grant, districts would be able to retain the difference. They could do two things with the difference: capital reserve and tax abatement for homestead taxpayers in their district. My preference would be that it be distributed by parcel.

Districts that spend less would be able to retain more and offer their homestead taxpayers relief, and their education tax rate would be more directly tied to district spending.