

To: The House Education Committee,
Updated Testimony on Act 46, AGP
January 5, 2016

From: **Bob Mason, Chief Operations Officer, Chittenden South Supervisory Union,
Past President VASBO**

Cheryl Scarzello, Business Manager Rutland Central Supervisory Union and VASBO
President

I will speak today from two perspectives, first as a past officer of the Vermont Association of School Business Officials (VASBO) and secondly as the COO of one of Vermont's larger supervisory unions ...on the topic of ACT 46 - Allowable Growth Provision.

The Vermont Association of School Business Officials (VASBO) considered and passed the following resolution on November 13, 2015: **The General Assembly should repeal the “allowable growth” provision of Act 46 and not impose any growth containment other than the existing excess spending threshold until supervisory unions have an opportunity to complete the consolidation process in Act 46.**

Key Points made in the associations discussion prior to adoption included:

- Many districts across the state are working hard at implementing either accelerated or conventional mergers as outline in ACT 46. To, at the same time ask boards to take on significant cost challenges 1-2 years before consolidation is a bit like getting the cart way before horse. The outcome will not be pretty. We ask that you give us the opportunity to plan and implement consolidation before imposition of significant changes in spending penalty thresholds.
- The AGP numbers released earlier, if met by school boards, are of a magnitude that significant dismantling of program and staff will occur, leading to diminishing favorable results in the education of our children.
- Some of our districts compound the above challenge with portions of their budget outside of any local control, such as those tuitioning grades 9-12.
- Some of our districts are at this same time ramping up Universal Pre – K both in number of participants and size of tuition payments made, adding to the burden.
- Smaller Schools face particularly challenging times with special ed cost changes tied to a small number of students changes, adding costs not entirely covered with federal and state money.
- For most of us, we have started the budget process already, having to build in contractual obligations for salary and anticipated changes in health care cost of 7.9% on existing

staff. To then get to an AGP of 1.3% to 2.5% will require significant changes to both program and staff as 80% of our costs are tied to staff expense.

- Lastly, a word on timing... We have started the budget process already in most corners of the state. The AGP numbers are at the forefront of our boards work. Most of our boards will finish the process the first two weeks of January in order to meet deadlines leading up to town meeting. If you as a committee are intending to make changes, the earlier boards know about the better.

For my CSSU segment, just some context on the process playing out in Charlotte, Hinesburg, Shelburne, St George, and Williston.

If you assume boards meet the challenge of AGP....

If you assume boards make no changes to staffing on flat enrollment year to year...

If you assume boards cover contractual salary increases of 3.25% and health care increase of 7.9%....

Our communities will be challenged to make the following budget cuts:

Champlain Valley Union High School:	\$957,000
Charlotte School District:	\$429,000
Shelburne School District:	\$64,000
Williston School District:	\$644,000

A challenging time for schools in the state.

Thanks for listening.

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January 5, 2016 Update:

Revised challenges with updated local revenue and updated equalized pupil counts:

		<u>AGP %</u>	<u>Annual Budget</u>
Champlain Valley Union High School:	\$577,322	2.39%	\$22.7M
Charlotte School District:	\$582,154	1.48%	\$8.0M
Hinesburg School District:	\$263,929	2.11%	\$9.5M
ST George School District:	exempt – tuitioning district		
Shelburne School District:	current expenditure plan under the 2.28% AGP		
Williston School District:	\$798,108	2.31%	\$18.0M

Our estimate of cost increase resulting from planned Health Care cost increase of 7.9%, and a .9% adjustment to AGP:

	<u>Health Care</u>	<u>.9% AGP change</u>
Champlain Valley Union High School:	\$210,739	\$153,183
Charlotte School District:	\$72,603	\$53,102
Hinesburg School District	\$85,208	\$65,621
Shelburne School District:	\$131,183	\$98,372
Williston School District:	\$171,922	\$117,291

Implications/comments... current experience

- Schools looking at serious staff reduction(s) at this magnitude of challenge
- Non-core program reductions on the list and in some cases leading to additional work assigned to classroom teachers
- Classroom student counts being allowed to go above state ranges
- Increased risk and challenge with opening student day enrollment changes
- Increased risk in special education as services and student enrollment changes
- Diminished ability to support classrooms with para professionals
- The setting changes dramatically school to school due to AGP, enrollment change, available fund balance, 2016 GP base year, swings in debt service, loss in planned local revenue, expansion of pre K program, etc

Our Board's perspective is similar to VASBO's position, the recommendation is to give very serious consideration to delay or repeal. The .9% adjustment while a help, is not the preferred solution. Our Boards will need to know the direction by the 18th of the month to have an impact on this years process

We do appreciate the difficult work you are doing and do appreciate the opportunity to speak to you today.