

TESTIMONY ON EDUCATION COMMITTEE BILL
Stephen Dale, Executive Director
Vermont School Boards Association
February 6, 2015

First, I would like to thank the committee for joining us at the capitol plaza yesterday. I know it was particularly challenging to get out of the building with all that you have going. I was a little sorry that the discussion went down the human services track and stayed there, but it was still very worthwhile from our perspective. Our memberships appreciated the time you took with them.

Second, my visit here today is very preliminary. I saw the bill for the first time late yesterday afternoon. I have not had the time to review it with my General Counsel and other partners to fully understand some aspects of it. We would prefer to come in next week after we have had the chance for more complete analysis.

My comments should be seen as partial and preliminary.

What I can say to you is as follows:

Section 1—Transition to Supervisory Districts

(a) (b) (c) (d) Supervisory Districts—

Strengths-- The bill is designed to move the issue of school district size and to create somewhat greater scale to address our most critical challenges. It creates the forum for a very important discussion. Although I am sure you know that we would have some concerns about the specifics, the goal of the effort is legitimate. And your encouragement for people to come together on a supervisory union scale, vs a county-wide scale, is in the right ballpark.

Challenges—This whole section assumes that every SU would be required to become an SD unless the electorate voted to decide otherwise. We think that there are legal issues in a number of areas with that kind of requirement, largely due to a blend of choice and non-choice districts. As we mentioned the other day, our preference is to require that all districts be part of “PreK-12 Education Systems.”

The Bottom Line is that we are prepared to work with the committee to find the best way forward through this section. We hope that you are open to many of the specific recommendations we made the other day about an approach.

I would prefer to return with my colleagues to go through more detailed recommended changes or we are happy to work with Donna on some ideas.

(e) **Non-operating districts**—

I have understood over the years that 19 districts are totally non-operating. Recently, I heard a much higher number. Regardless of the number, I would ask you to take some testimony and give some further thought to this concept. We haven't thought it through completely, but I ask you to consider:

Do you want those non-operating towns to be forever disconnected from their neighbors? In many of those towns, students will be attending the public schools operated by their neighbors within the same SU or the "education system". It is useful to have a connection between the local community and the broader "education system", even if it is tuitioning students.

When things start coming together in a neighboring town that operates a school, the non-operators may change their mind. Or if they get to a point where paying tuition is an uncontrollable financial challenge to the community, they may change their mind. There is ultimately benefit to a sense of joint responsibility for all the kids in the region.

Attention should also be given to the possibility that you might actually incentivize some towns to close if they might be "freed" from a connection with an SU or the well-being of all students in a more regional system?

Non-operating boards pay attention to the legitimacy of residency claims.

I understand the logistical reasons for this proposal, but it needs more thought. We are glad to offer ideas and you should hear from some local people about this.

Sections 2 and 3: Publicly-Funded Tuition

Our association will not take a strong stand on tuition outside of the state. We understand the desire to restrict. You should be aware that there will be a number of border towns that could be very concerned? It may make sense for this committee to commission a broad study on the costs and benefits of our overall tuitioning system, rather than trying to address it piecemeal.

Section 3: Small School Support

I have already shared with you the official stance of the VSBA. 1/3 of our members receive these grants and they are built into their budgets. Removal of them will increase tax rates in those towns, unless they take action to alter spending. Many of our members strongly support the notion that non-geographically isolated locations should not receive this kind of support. Others feel that the small schools grants were part of the original Act 60 deal and should continue to be respected.

If it is the intent of the committee to reduce the number of small schools grants, your proposed approach appears reasonable. You are phasing them out—not this coming year, but beginning a year from now, and you are protecting them fully for districts who come together.

We would recommend that you think about those regions that can't legally become a RED. If they become an "Integrated Education System" which may include some joint contract schools or other structural vehicles to achieve greater opportunity and efficiency, they should be able to keep the grants as well.

Sections 7 and 8: Declining Enrollment

This section defies a quick read and we need to do more of the deep dive on your exact wording. As we explained a couple of days ago, we believe that districts should be protected from sudden drops in enrollment, but that the protections should be time-limited so that the rest of the state is not engaged in a long-term subsidy of those taxpayers and so that boards will be more likely to respond to changing realities in a shorter period. It appears that is what you have done, but we need a more detailed technical review.

Section 9 and 10: Duties of Superintendents and Principals

This section needs further work. The VSBA, VSA, and VPA have all had concerns about these statutes over the years. We would be glad to work with the committee on useful language. I would not want to comment today on the specifics.

Sections 11, 12, 13, 14, 15 Tax Changes

This section requires greater technical analysis. We just saw the bill last evening. We agree with actions to simplify the system. As you know, any time there is a change, even to a system that needs changing, the change itself breeds mistrust among the electorate. This all needs to be explained clearly and succinctly. We will have more analysis at a later time.

Section 16 and 17 Ballot Language

Per-pupil costs are a major driver of tax rates. Most people still do not understand that fact. We need to do everything we can to improve understandability of our current system. We strongly support the ballot language and think it will be helpful to boards and to voters. We were sorry it did not pass last year. This will be especially helpful when PreK is being fully implemented because the implementation of PreK, if done carefully, could have a positive impact on the per-student costs in many districts.

Section 18 Moratorium

We appreciate the moratorium language. It is very well done.

Section 19 Special Education Funding

We support the study outlined in the final section.

COMMENTS ON WHAT IS MISSING

I am not sure where this committees work will begin and end on financial issues, but I would like to mention a couple of things.

We were very concerned about the presentation the other day from Mark Perrault about the potential increased demands on the ed fund at a time when property tax increases are front and center. It seems that there must be tangible steps to reduce the property tax rate. We urge the general assembly to address health care costs and to pull some costs out of the education fund which are not overseen by local boards—community high school, adult basic education, and retired teacher healthcare, to name a few. We also need to be certain that a new payroll tax does not add \$6M in new pressure to the property tax. I will be testifying on that subject next door next week.

And we should be looking long-term at the trajectory of the property tax/other sources split going into the ed fund. Is it time to address the role of income taxes relative to the ed fund?

It is clear to us that boards, this year, are pushing very hard to bring in low budget increases, even in the face of 3% salary increases and 4.5% health care increases. We can and need to do more on staff ratios. And we are here to say that we are willing to work with you on this bill to find the right path to gain scale and flexibility for the long run.

Thanks to this committee for its excellent work, thus far. I look forward to coming back with more analysis on your draft and to working with you to design specifics which can work for the children and communities of Vermont.