

Vermont Association of School Business Officials (VASBO)
Richard Pembroke, President
Grant Geisler, Past President

House Ways & Means Committee Testimony - March 11, 2015

Dear Committee Members,

Thank you for the opportunity to provide input on H.361.

I am Rick Pembroke, President of the Vermont Association of School Business Officials (VASBO) and Chief Financial Officer for the Southwest Vermont Supervisory Union (SVSU). Joining me today is Grant Geisler, a past President of VASBO and business manager for Chittenden Central Supervisory Union (CCSU). For clarification, we are testifying today as representatives of VASBO and are not speaking on behalf of our respective supervisory unions, member districts, board members or superintendents.

In regards to H.361, we offer the following:

Integrated Education Systems – Sec 17: Since 2010, VASBO has advocated for single, unified preK-12 school districts. We feel this governance structure would maintain or increase opportunities for students and result in significant cost savings. We are encouraged that H.361 would create such districts.

Property Tax Rates and Base Education Amount – Sec 6 & 7: We support the proposed fiscal year 2016 (FY16) tax rates and base education amount as they represent the assumptions that were used in our budget preparations.

Dollar Equivalent – Sec 2: While we are in favor of simplifying the tax rate calculation, VASBO has not formulated a position on the dollar equivalent proposal and we are not convinced it would significantly simplify the calculation. At this point, our position would best be described as neutral.

Tax Incentives – Sec 18: The tax incentives for Regional Education Districts seem to have helped generate interest and conversation regarding voluntary mergers. We are not sure of the effectiveness of the incentives, but are certainly not opposed to them. Assuming the incentives remain in place, we are in favor of using the same incentives for Integrated Education Systems.

Education Spending Cap – Sec 27, paragraphs (a) and (b): We understand that the education spending cap language may be beyond your purview at this time, but we want to make sure you, and all Legislators, are aware of our concerns in this area. While we understand the desire to set limits on spending, we are opposed to the language regarding an education spending cap for the following reasons:

1. Current Excess Spending Threshold – This cap is already in place and has been reduced each year since FY14. In FY15, the statutory multiplier was reduced from 125% to 123%. In FY16, the anchor year was established as FY14 versus the most recent prior year. In FY17, the statutory multiplier will drop from 123% to 121%.
2. An Unfair Cap – H.361 proposes a two percent (2%) limit on education spending per equalized pupil. The same percentage limitation would be imposed regardless of whether you are a low-spending district or a high-spending district resulting in different real dollar limitations which would be more challenging to low-spending districts.
3. An Unrealistic Cap – The 2% limit is unrealistic for several reasons:
 - a. In FY17, districts will be faced with increased costs related to implementation of universal preschool and the potential requirement to pay 100% of dual enrollment costs.
 - b. The equalized pupil hold harmless language will decrease the number of pupils for several districts in FY17 which will dramatically increase their education spending per equalized pupil.
 - c. “Local revenues” are factored into education spending per equalized pupil. Most districts have been developing tighter budgets which results in less surplus to roll forward as revenue. This reduces local revenues and increases education spending per equalized pupil.
4. Loss of Local Control – This cap will, in essence, predetermine the budget for school districts.
5. Confusion over “deemed to have failed to pass” language – If a budget exceeds the 2% limit, do you still put it out to vote? Does it fail regardless of the outcome? If the budget exceeds the 2% limit do you simply say it failed and put another budget out as a re-vote? Can the re-vote budget exceed the 2% limit?
6. Borrowing for Operating Costs – Current language prohibits borrowing for operating costs if the budget exceeds the 2% limit. What are districts supposed to do in order to make payroll or cover must-pay bills like utilities?

In closing, we want to thank you all for your time and inform you that VASBO wants to continue to be a part of this conversation. We want to be a resource and help you understand the business side of public education in Vermont. Please call on us if we can be of any assistance as you navigate through the session.

We would be happy to answer any questions that we can.

Respectfully submitted,

Richard C Pembroke, Jr
Grant Geisler