

Windham Northeast Supervisory Union

(Athens, Grafton, Rockingham, Westminster, UHSD #27)

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Thank you for taking the time to hear my testimony today. I do understand that some modification to the FY17 Act 46 caps is currently being considered, but my primary concern are the caps that, unless this part of the law is changed or rescinded, will be in place for the FY18 budgeting year. My message to you is to please rescind these caps and replace them with a mechanism that is better thought out and takes into account the financial pressures that are currently facing Vermont schools.

My supervisory union is comprised of the Town School Districts of Rockingham, Westminster, Athens and Grafton (Athens and Grafton operate the Athens/Grafton Joint Contract School), along with the Bellows Falls Union High School. All of the entities in my district have been able to avoid going over the caps for FY17, largely through the use of significant surplus fund balances from FY15. However, if the current caps for FY18 are not changed, every one of my towns will likely be over the cap for FY18. If you don't mind, I would like to walk you through this district by district because I think that there are relevant points to be made that will help you better understand how an array of factors come into play, creating financial pressures that are difficult to "cut one's way out of".

Before discussing the individual districts, I would like to make mention of a number of factors that continue to create challenges across all the districts:

-We don't have a Collective Bargaining Agreement for FY 17 yet, let alone FY18, which won't start to be negotiated until next fall. The districts will all need to budget something for the eventual settlement. The question is, how much? Certainly most districts around the state are in the same position because the upcoming changes in the health insurance arena have put a hold on negotiations beyond FY17.

-Health insurance costs are going up next year, as has been well publicized. But what will exist for plans, how much they will cost, and how all this will play into our union negotiations next fall is unknown. Again, most districts around the state are certainly in the same boat.

-Unfunded state mandates have continued to hit our local districts. Rules developed last spring by the AOE in response to Act 166, the preschool law, have created a mechanism by which Headstart Programs are allowed to use tuition payments to bolster their programs which is, I believe, contrary to the intent of the law. Our districts had to budget over \$100,000 for FY17 for Headstart students with Rockingham being hit the hardest with a \$92,000 increase. And, we will not be able to count any additional Headstart students in our ADM because we were already counting them under the previously existing pre-school partnering arrangement!

-Special education costs continue to rise and the number of very young students with exceptionally high needs has increased dramatically, which I know is true of my neighboring districts along the Connecticut River as well. The percentage of students in all of my districts living in poverty is high and, whether you believe there is causation between low socioeconomic family circumstances and the incidence of special education needs or not (no one can deny the correlation), the fact is that many of our students have very high needs and their families are very transient, taking advantage of low cost housing in one town or another, moving from Brattleboro, to here, to Springfield, and then back again. Add to this the number of young children living with parents who have drug problems or who have a parent in jail and the costs just keep going up.

-We are seeing a sharp increase in the number of children who do not qualify for special education but still have significant social and behavioral needs, sometimes needing the assistance of a paraprofessional or even an out of district placement. Of course, there is not state reimbursement for these services, so the districts bear the entire cost.

-Finally, tuitioning arrangements for grades 7 and 8 in Westminster, Athens, and Grafton produce volatility in the school budgets in these towns from year to year. It is easy to say, “well, they could change that”, and maybe they will some day, but convincing people to give up school choice is a very difficult thing to do, once it has been in place for many years even if it does result in tax spikes some years.

As far as the specific situations of our local districts:

Westminster Town is a bit of a one-off, but they will face, by far, the biggest challenge in bringing in a FY 18 budget that is under the cap. With a fund balance from FY15 of over \$400,000, it seemed like they would have the easiest time budgeting for FY17. They have had a declining equalized pupil count for some time, but, as it happens, there is an exceptionally large kindergarten class coming in next year, necessitating budgeting for an additional teacher. Some money has been set aside in a Warning Article for FY18, but it almost certain that they will begin the FY18 budgeting with a revenue shortfall of over \$200,000. They already have the highest tax rate of any of our towns. Westminster will have difficult time budgeting for FY18 no matter what and they are almost certain to go over the cap.

Rockingham has worked hard to keep it budget under control for a long time. It has renovated all three of its schools (for which it has been twice punished under the Act 46 caps). They were able to put money into an Article for FY18, but it is only \$15,000 more than they have assigned for expense reduction if FY17. So, given the cost pressures that I have previously cited, they will be under pressure to make staffing reductions that will not serve their high needs population well.

Athens managed to come in under the cap for FY17, but this is primarily because of a substantial fund balance at the Athens/Grafton Joint contract school. They have an increasing share of the costs of the Joint Contract School and, in FY18, the first of two “bubble classes” will need to be tuitioned in grade 7, resulting in \$60,000 of increased costs. There is not much that this small town is actually in control of in their town budget so it seems likely that they will go over the cap.

Grafton, another small town, will start off FY18 budgeting with a \$22,000 revenue shortfall and they also will likely have \$30,000 of new tuition costs. They will have a difficult time staying under the cap but, like Athens, because they are small, budget volatility from year to year is the norm. It seems unfair to me that they would be punished simply because forces beyond their control push them over this poorly designed cost containment measure.

The Bellows Falls Union High School District has had very low budget increases over the past ten years, but they will begin budgeting for FY18 with a \$20,000 revenue shortfall. Given the financial pressures that I have already discussed, they will probably have to consider significant staffing cuts to stay under the cap. This is a nationally recognized high performance school and it is sad to think that they might have to cut student programming simply because of the Act 46 caps. I believe our kids deserve better than that.

Thanks very much for taking the time to hear me out on this and I would be happy to answer any questions that the Committee Members might have.

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