

To: The Senate Education Committee
From: John Pandolfo, Superintendent, Barre Supervisory Union
Date: January 12, 2016
Re: Act 46 Testimony

Thank you for hearing my testimony, on behalf of the Barre Supervisory Union. We are actively engaged in Act 46 work at the current moment:

- Barre City and Barre Town have formed an Exploratory Committee and we are nearing the end of that committee's work; we are holding our first Public Forum this evening at 6pm in the Spaulding High School Auditorium. We welcome you to attend.
- Assuming our Boards formally agree to move forward with a full Section 706 study, we will begin that work in February, using the same committee as we are using for the exploratory phase.
- While we have significant concerns about the Allowable Growth Threshold provision of Act 46, we would not want the legislature to do anything to impede the progress that our districts, and many others, are making as we explore governance changes that could lead to better preK-12 education opportunities for our students, increased operational efficiencies for our districts, and long-term property tax benefits for our communities.

Regarding the Act 46 Allowable Growth Threshold provision:

- Our three districts are among the lowest spending in Vermont, in terms of cost per equalized pupil. Because of this, we had among the highest allowable growth percentages. You might think this means we do not have a problem with the thresholds, but that simply is not true.
- Barre Town School District's FY2016 Educational Spending per Equalized Pupil, at \$11,595, was well below the Vermont average of \$13,770. With an allowable growth of 3.71%, the district's threshold for FY2017 is \$12,020. Our FY2017 budget, approved by the Board on January 6, has a modest Expense Budget increase of 1.62%. This results in a per pupil spending figure of \$11,860, which falls below the \$12,020 threshold. To make this happen, we needed to utilize significant portions of the district's General Fund surplus (\$100,000, leaving only \$70,000) and did not have Tax Stabilization Funds available. We will not be able to sustain this approach for FY2018 if the thresholds are not repealed, let alone meet these thresholds for FY2019 if they are delayed.
- Similar situations exist for our other two districts. Spaulding Union High School District's budget, approved by the Board on January 4, has an Expense Budget increase of only 0.76%. This results in a per pupil spending figure of \$12,872, just below the \$12,874 threshold. To make this happen, we needed to utilize the entire \$230,000 of the district's General Fund surplus (leaving none) and \$200,000 of the district's Tax Stabilization Fund (leaving only \$193,000). Even with a very small Expense Budget increase, we have used the majority of our available reserves to meet the FY2017 threshold, leaving little remaining for upcoming years.
- Barre City School District will also stay below its threshold, using \$282,000 from the district's General Fund surplus, and maintaining the balance of \$311,000 in the district's Tax Stabilization Fund for upcoming years.

In the Barre Supervisory Union, we are proud of the quality education to our students at a cost that compares well to the Vermont average and to Central Vermont in particular. We have relatively large schools and districts (for Vermont) which allow us to recognize efficiencies of scale even in our current supervisory union structure. The governance provisions of Act 46 are providing us the opportunity to find more even efficiencies. With that said, we struggle, even with our low per pupil costs, to pass budgets. We simply cannot pass on the threshold penalties to our taxpayers. We have managed to avoid that for this year, but have done that by more or less kicking the can down the road. Additionally, we are in a position to be penalized for spending under \$12,000 per student (preK-8) and under \$13,000 per student (high school) when other districts are spending in excess of \$17,000 and not being penalized. That is inherently unfair. For Barre, even delaying the allowable growth provision of Act 46 would be detrimental. The only fair solution for us would be for the legislature to repeal and replace this provision with a more equitable system that controls costs, creates efficiencies, and preserves and improves educational quality, or not replace it at all and allow the other provisions of Act 46 the time to achieve those objectives.

Thank You!

John Pandolfo