



May 11, 2015

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Members of the Committee of Conference on H. 361
Vermont Statehouse
115 State Street
Montpelier, VT 05633

Dear House and Senate Members of the Committee of Conference on H.361,

We have closely followed your work throughout the session and have sought to be helpful to your process. You have done exceptional work in trying to find a path forward to address the equity, quality and cost of public education in Vermont. Both the House and Senate have created bills that have promise to make a difference. We have reviewed both bills in detail. There are many particular sections that we like in each bill and others that we can take or leave. There are several important areas that stand out that we would ask that you consider in creating the final bill:

1. We prefer the opening section of the House bill. It lays out a clear vision for where we are headed and makes clear that all parts of the state are expected to engage in the effort to create preK-12 education systems (whether an education system operates with a single board or multiple boards). We would suggest that you leave off section (d) (2) since the state board will not be evaluating the proposals.
2. Since there are no new resources dedicated to this effort at the Agency of Education, it makes more sense to take the general approach of the Senate, seeking to encourage action over the next several years, rather than having a tight timeframe which requires the review of all plans by the Agency and State Board. This would include the final sections of the bill regarding the development of the final plan.
3. Be certain that any final language retains two important concepts that have been included in both versions of the legislation. (a) Make sure that a PreK-12 system can be achieved either through a single-board supervisory district or a multiple-board supervisory union. Both will need to be used in various places in Vermont if there is to be protection of choice and non-choice options. (b) Be certain that a “minimum student number” is a guideline or range rather than a hard floor. Both the house and senate versions allow for a range of structures and allow for flexibility in numbers of students, but only in the context of the total structure of each bill. We want to be certain that neither concept is lost inadvertently during the negotiation. School Board members care deeply about these issues.

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4. If you should decide to select the basic House approach (despite our recommendation), extend the timeframe by at least a year to November 30, 2018. Under the House version the guidelines for system change would not be published until December, 2015. It would be unreasonable to give all districts a deadline for action in less than two years. There are multiple places in the House bill where the date would need to be changed.
5. In changing the ADM Hold Harmless, we urge you to select the Senate language that allows districts formally involved in a RED study to avoid the phase out for an additional year. At the same time, we urge you to select the House provision that allows for ongoing one year 3.5% protection (without the tail). We are concerned that the Senate version would eliminate any protection going forward.
6. We urge you to leave in place current supports and incentives of Act 153/156 (as called for in the House version). There are many complex, rural districts which will need to work within a supervisory union structure and will need supports to pursue structures other than REDs. (The Senate version would eliminate those options in December 31, 2015, rather than letting them expire on July 1, 2017 as is the case in current law.)
7. Alter the Senate “accelerated merger” provision. The Senate version provides large tax incentives for any region which creates a RED during a one-year window. There are only 12-14 current supervisory unions in the state that could reasonably take advantage of such an offer. Current supervisory districts and complex supervisory unions either would not qualify or would take far longer than the one-year to sort out the involved issues. Testimony was offered by JFO that if 12 SUs took advantage of this opportunity, it could increase taxes for every other district by three cents. Paying for someone else’s incentives makes sense if everyone has equal access to the incentives and chooses not to take advantage, but this provision is only available to ¼ of the state’s supervisory unions. We suggest one of the following two options:
 - a. Limit the financial liability for all other districts and allow for a stronger focus on learning about the costs and benefits of this process by turning this provision into a *pilot program* with a limit of 3-5 regions selected by the secretary from those districts which apply, with consideration for diversity of geography, size, and operating configuration.
 - b. Leave the program broadly available to all districts, but have the incentives paid for from a non-property tax source to be determined next session. This avoids the possibility of a bill designed to reduce property taxes actually resulting in a property tax increase. This may be workable since incentives would not actually be paid until a year or two from now.
8. Do not include caps in the final bill. We have previously stated our strong concerns about caps. They treat all districts similarly, regardless of spending levels. They lock in inequities in programs and facilities. They do not allow for unforeseen circumstances. And they negate the voice of local voters who, this year, approved 93% of school budgets on the first vote. Many of those budgets would have been ruled invalid had the caps been in place. There is also strong evidence that caps are unconstitutional.
9. If you are seeking alternative cost-containment options, we urge you to adjust the excess spending cap. It is an element of the current system that is understood and matches up well with

the House language around the per-student cost increase being part of the warning for the annual school district meeting. We urge that you not go toward punitive capping involving student to staff ratios. It is not possible for the agency to implement such a plan effectively, and it would constitute ultimate micro-management of local districts.

10. The “study” in the House version that we think should be prioritized is the Health Care Costs study in section 35. This is a big cost issue for local boards.

11. We have some school boards which are very anxious to be able to designate more than one public high school. We support section 35b of the House version.

12. We need to reiterate our serious concerns about the fact that the General Assembly and the Administration have not properly resourced the Agency of Education to help Vermont achieve the objectives of this bill. The implementation of a major system change in a \$1.6 billion dollar endeavor should be supported by a strong Agency of Education. There is no money in either bill to strengthen the capacity of the Agency to properly promote, support, and oversee this endeavor. Passing a bill and *hoping* for action is not an effective strategy. The goal should be to build momentum and enthusiasm from day one.

13. We support the effort in Section 26 of the House bill to address “unfunded mandates”. It is important that local boards and state policy makers share in addressing rising property taxes. This is one way to achieve that objective.

Thanks for the opportunity to weigh in. We are happy to provide additional information or proposed language around any of these areas.

Sincerely yours,

Steve

Stephen R. Dale, Executive Director