

MEMORANDUM

TO: Senators Mark MacDonald & Michael Sirotkin
FROM: Jeff Fannon, Vermont-NEA General Counsel *JF*
DATE: April 8, 2016
RE: School Funding Formula

I discussed with you both the issue of the FY-2018 education property tax formula. As promised, here is but a sample of recent unfunded mandates imposed on schools since 2013 effective in 2014 and thereafter.¹

- Dual enrollment;
- Personalized learning plans;
- Early college;
- Prekindergarten education; and
- New Hire Teacher Retirement Health Benefit.

The current education property tax formula that will be in effect in fiscal year 2018 includes an excess spending tax penalty if per pupil spending exceeds 121%. That begs the question, however, 121% above what amount? In Act 174 of 2013 the excess spending threshold was “anchored” to the 2014 spending per pupil amount, plus a modest inflator thereafter. What that means is school budgets, for whatever reason, may not exceed their 2014 spending level, plus inflation, or those communities face artificially increased taxes.

The above partial list of unfunded mandates illuminates the additional costs imposed upon schools after 2014. Vermont-NEA believes schools and taxpayers should not be required to bear these additional costs and pay additional taxes too. We request, therefore, that any additional costs added to a school’s budget or effective after 2014, through no fault of the school, be excluded from the excess spending penalty calculation and subsequent tax penalty.

It is only fair to hold schools and taxpayers harmless for costs imposed by well-intentioned actions of state and federal actors after 2014. The current “yield bill,” H.853, could be amended in section 3 to eliminate any post 2014 unfunded mandates becoming a cost to taxpayers and an artificially increased tax.

¹ The School Boards Association, Superintendents Association, and Principals’ Association compiled a seventeen-page list of unfunded mandates that totals 65 separate Acts, since 2003, that impose some direct cost and/or obligation on Vermont’s public schools.