

**Subject:** FW: Request for testimony on Administration's Appropriations and Revenue Proposals  
**Attachments:** Ratios graph\_May 1.xlsx; Copy of Projected ESTs.xlsx; Copy of EST and Aggregated Exclusions\_Final.xlsx; EST and Aggregated Exclusions\_Ratio Crosswalk.xlsx; Determination of EST Savings 06142018.pdf; economic analysis of scott ratio plan.pdf; edu-memo-from-holcombe-managing-staff-attribution.pdf

Rep. Toll,

Commissioner Greshin, Doug Farnham and I have compiled and inserted answers to your questions related to ratios, EST and SpEd in red directly into the text below. Attached are supporting documents and analysis which has all been shared with your analysts at JFO. We are prepared to discuss this further tomorrow. Commissioner Pieciak and Secretary Bouchey may have more to add by email or in testimony tomorrow.

**Staff-Student Ratio:**

- What data did you use to arrive at these estimates? Discussions with and analysis provided by Brad James at AOE and a target of 60% vacancy refill rate of approximately 1,000 departures in FY20 (math/analysis attached). Specifically, can you provide the source(s) of the 1000 turnover number in any given year? We arrived at an estimate of approximately 1,000/year from the attached VTNEA "Economic Analysis", combined with our awareness of approximately 400 -500 Annual VSTRS and VMERS retirements, and the understanding that this number does not include all retirements or annual departures from the education profession. VTNEA appears to have reached the same conclusion
- We understand the Administration's estimates are in addition to current trends in staff attrition and turnover. Is this a correct understanding? According to data in the attached memo from Secretary Holcombe, there has been no material attrition in the 3 year period we used for our baseline education payment forecast , the years 2014 through 2017 showed the following staffing levels respectively: 17,974, 17966 and 17,968.
- How is double counting avoided between the various items? For example - special ed savings and student-staff ratio savings, if calculated separately, would include some double counting. Potential overlap between the Ratio savings initiative and the excess spending threshold was included in the original estimates as a \$15 million discount to the ratio savings amounts (\$6 million in FY23 and \$9 million in FY24). This was subsequently refined based on the attached spreadsheet, which was shared with the JFO. For SpEd, we made conservative estimates, in part to avoid double-counting. For example, the Picus Report from several years ago advised \$140 million of overspending on special education. The recent UVM study estimated approximately \$75 million in savings when fully implemented over 5 years. Our estimate for SpEd savings is \$35 million, less than half the UVM estimate and a quarter of the Picus estimate. Also, when developing our target ratios, we specifically excluded certain populations that could be contracted out, or that could be included elsewhere.
- Does the estimate for the number of paraprofessional staff include special education paraprofessionals? Yes. Please note, a prior document did state this incorrectly as "excluded".
- Does the Administration assume that only districts with ratios below the 5.4 target will be subject to Task Force recommendations for attrition? Or does attrition and the resulting savings come from all districts? The assumption for annual ratio savings is in the aggregate and aims to achieve certain annual ratio improvements statewide. We believe the task force will delve into questions related to appropriate ratio targets based on different school conditions, and provide a framework for how those pieces can fit together statewide into aggregate ratio improvement.
- Have estimates been updated, based on more recent analysis, or are these estimates the same as presented to House Ways and Means, Appropriations and Education on May 23? We have had extensive communication with JFO and also performed additional analysis independent of their inquiry and have further refined savings

estimates or are willing to accept JFO observations. The Administration has worked with the JFO to achieve consensus numbers and we have made it clear that we would like to hear what their figures would be, but in the areas of student-staff ratio and the overlap with the excess spending threshold initiative, are still waiting for a response from the JFO.

**Excess Spending Penalty:**

- Please provide the current supporting documentation/calculations for the excess spending penalty. What will be the impact on small schools? How does this interact with other areas of savings? What is the current savings number? **Documentation attached. We estimate the Administration's proposal to gradually lower the EST to 110% by FY25 will still result in the actual per pupil threshold growing from \$17,386 currently, to almost \$19,000 in FY25. It is worth noting that schools close to this threshold currently can still grow per pupil spending (albeit more slowly under this EST reduction) and avoid the threshold. Schools who cannot stay under approximately \$19k per pupil spending over the next 5 years will have a portion of their spending double counted in their tax computation, just like current law.**

**Health Care:**

- What will be the impact of the new health plans on those currently covered?
- Based on your estimates, what is the actuarial value of the proposed plan? Am I correct to assume in your calculation that 2018 employees use 65% of HRA amount? Does this mean for a single person the employer cost of funding HSA would be 65% of \$2100 = \$1365?
- What are your annual savings estimates from the health care plan? If the assumption of 65% HRA utilization turns out to be too low or too high, are there calculations exhibiting the change in estimates?
- What do you anticipate the impact to be on wage negotiations due to the diminution of the health care benefit?

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**Sent:** May 22, 2018 9:53 AM

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**Subject:** Request for testimony on Administration's Appropriations and Revenue Proposals

Melissa –

The House Committees on Appropriations, Education, and Ways & Means requests testimony from the Administration on its plan to address the appropriations and revenue differences between the two branches of government. We have reserved room 11 between 1:00 p.m. and 3:00 p.m. Please let us know who would be presenting, in what order, and if we need to adjust the start time.

Thank you, ~Theresa

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