

March 13, 2018

H.911

Outline of Testimony to the House Education Committee

Jeffrey Francis, Executive Director, Vermont Superintendents Association

H.911 - Education Funding Provisions

Demographic and Fiscal Realities

2nd lowest birth rate in the nation

2nd oldest population in the nation

Declining enrollment

Among the higher spending in the nation

Goals of Act 46

- 1) Provide substantial equity in the quality and variety of educational opportunities
- 2) Maximize efficiency through management flexibility with a goal of increasing ratios
- 3) Promote transparency and accountability
- 4) Deliver at a cost that parent, voters and taxpayers value

With respect to Act 46, efficiency and effectiveness of the education system overall, and the FY2019 budget development process, local school districts have delivered.

Evidence:

- a) Act 46 Response - school district budget votes (162 budget votes this year, 220 last year - 260 plus in the prior years)
- b) FY 2019 Budget Results
 - i) Pass Rate - 96%
 - ii) Education Spending Up 1.5% overall (predicted at plus 3.5%)
 - iii) Education Spending per Equalized Pupil Up less than one percent - Governor called for increase of education spending per equalized pupil to increase 2.5%

Changes to the education funding system should not be undertaken lightly

The overall context is of worth exploring

- A. Use of one time monies in FY2018
- B. Eight weeks of work on the prior income-based approach
- C. Proposed changes in special education funding
- D. Proposed changes in prek funding (Act 166)

Areas of interest associated with the proposal:

- a) Reduces property tax rates while adding an income surcharge (transparency and accountability?)
- b) Increases the cost of education dollars above the base education amount and assumes cost containment will consult (what is the confidence level that this will work?)
- c) Repeals the excess spending penalty (an effective cost containment measure)
- d) Weighting study has not been started or completed (what is the value of a dollar in rural vs suburban; smaller student population vs larger student population)
- e) Will lower spenders spend more?
- f) Will lower tax rates fuel resistance to unification in some places?
- g) Effects of full implementation of Act 46 not fully known but promising
- h) Is taxpayer relief a cost-containment strategy
- i) Obligates districts for retirement costs, changing the long-standing rules of the game
- j) Has not diminished the rhetoric around the need for cost containment
- k) Does nothing to address school construction aid - moratorium in place since 2007 - schools with significant capital needs

<https://vtdigger.org/2017/12/01/scott-administration-property-taxes-increase-7-percent/>

[Preliminary Outlook for FY2019 Tax Rates - Joint Fiscal Office - November 9, 2018](#)

[Governor Scott Letter to Educators - November 14, 2018 \(2.5% target - education spending per pupil](#)

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