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Great Governance, Excellent Education, Strong Communities

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To: House Committee on Ways and Means
From: Nicole L. Mace, Executive Director
Re: Changes to the Education Funding Formula
Date: February 1, 2018

Thank you for the opportunity to weigh in as the Committee considers options for rewriting Vermont's education funding formula. The VSBA Board will meet in two weeks to review the proposal under consideration. I will be better positioned after that meeting to provide more specific feedback or recommendations on the proposal as it exists then. In its review of this Committee's proposal, the Board will be guided by several resolutions that have been approved by the membership and are relevant to this discussion.

They are:

REFORM THE EDUCATION TAX SYSTEM - The General Assembly should examine alternative funding sources for our education system that are more equitable and sustainable, rather than continue a system that predominantly relies on the property tax for revenue.

EQUALIZATION - It is the duty of the State of Vermont to ensure fiscal equity for all school districts to allow equal educational opportunities for all students. Significant state expenditure is required to equalize the financial resources of districts and maintain the educational opportunities of students.

USE OF THE EDUCATION FUND - The VSBA opposes any diversion of funds raised through the statewide property tax to programs not within the jurisdiction of public school districts or supervisory unions.

COMMON LEVEL OF APPRAISAL - The VSBA calls upon the Governor and General Assembly to study the mechanics of the Common Level of Appraisal and its effect on education property tax rates.

NO COST-CUTTING DOUBLE JEOPARDY - Avoid putting school districts under multiple cost-cutting strictures at the same time.

COST CONTAINMENT - The VSBA offers the following recommendations to respond to concerns about costs while maintaining education quality:

- *Statewide health insurance benefit for school employees*
- *Create a task force to establish target equalized pupil/teacher/support staff ratio*
- *Study of state-funded retirement buy-out that conditions rehires on achieving ratios*
- *Establish standards for fact-finders in the collective bargaining process*

ADDRESSING EQUITY, QUALITY AND COST EFFECTIVENESS - The VSBA supports initiatives that are designed to create greater equity in high quality learning opportunities and to achieve cost effectiveness. Such initiatives shall focus on the needs of the students and taxpayers of the state of Vermont. Any initiative that impacts our governance structure or funding system must be designed in a way that reflects our community values. School boards are in the best position to inform this process and must be fully engaged in this effort.

It is therefore critical that the effects of this change on specific communities and residents within those communities are modeled and well-understood by school boards so they can weigh in with their representatives in the General Assembly before this body takes action to change the formula.

Finally, with respect to the timing of this proposal, we have serious concerns that it would apply to FY 2019 budgets. The vast majority of school boards have just completed their FY 2019 budgets. To change the formula this year places local officials in the untenable position of presenting a budget to their communities on Town Meeting Day without being able to describe the tax implications to residents.

Our association is not opposed to adjusting the education funding formula. However, we believe that adjustments to the formula ought to reflect a commitment to equity and fairness, be coupled with long-term cost-containment provisions, and have an implementation schedule that respects the local budget making process.