



House Education Committee
Education Funding, H. 304
March 16, 2017

Thank you for the opportunity to testify on education funding and the proposal in H. 304.

Our 2017 VLCT Municipal Policy states at section 1.01, Education Funding:

Policy.

- 1. Municipal and school officials, state administration, and the legislature should begin as equal partners to analyze the issues within Acts 60, 68, and 46 and create a new education finance system that reduces and reforms the property tax burden.*
- 2. The legislature should assess whether Act 46 has resulted in cost reductions in school district budgets and per-pupil expenditures. The legislature should develop a tangible definition of success.*
- 3. Education Fund monies should only be used for pre-K-12 education. Billing and collection of the state education property tax should remain at the local level.*

Vermont's education funding system has significantly diminished the capacity for municipalities to use property tax dollars for non-education expenditures, making it difficult for municipalities to secure voter approval for municipal budgets, particularly when seeking funding for expensive but essential municipal projects. Act 46 of 2015 did not ease the education property tax burden.

H. 304 and Committee Bill.

We are concerned that without an infusion of new dollars to the Education Fund, H. 304 will not reduce the burden on the education property tax in a meaningful way. This was highlighted in the report on the impact of H. 846. It also seems likely that the impact of any reduction might be fleeting and not replicated in out years.

As well, we do not yet know what will be the financial outcome of district mergers.

We think this proposal may not be particularly helpful at this time, but may have more merit after there is more evidence of the impact of mergers on expenses. We have recommended that the legislature develop a tangible definition of success for Act 46. I believe that the committee was looking at this in the beginning of the session.

Transferring New Obligations to the Education Fund.

Our much larger concern is that the legislature stands fast in its opposition to transferring new obligations to the Education Fund. The Governor had specifically mentioned higher education, early childhood education, teachers' retirement and retired teachers' health insurance. These are

all laudable goals. In particular, we recognize the dichotomy between high school and college graduation rates in Vermont. However, those are not cost centers over which school boards have much, if any, control. Whatever commitments are made today to fully fund such new obligations, history has taught us to put no faith in their full funding in the future.

Thank you for the opportunity to testify.

*Karen Horn, Director
Public Policy & Advocacy*