

## Key Points to Make to the House Education Committee Regarding House Bill 661

- **Thanks for the time. May Windham colleagues introduce themselves?**
- **Here to represent Windham's taxpayers; >ingly desperate**
- **Rejected school budget; would have had highest anticipated school district homestead tax rate in VT (\$2.84)**
- **2011-2019 tax rate grew about 1% a year; \$1.585 to \$1.74; Ups and downs; 9.7% over 9 years... Under control...affordable**
- **After 2019 school budget passed and after school began, several pre-K students arrived who needed special ed services. Totally unanticipated.**
- **From Fiscal Year 2019 through FY2021 Windham will have paid nearly \$150,000 (\$147,700) in ECSE costs. A very underfunded mandate.**
- **Windham taxpayers recognize importance of ECSE; no objection to providing services. But we need help in bearing such high costs and H.661, if you pass it, will certainly help us.**
- **But that's not the whole story**
- **2019 to 2020 homestead tax rate up about 32%; from FY2020 to FY2021 up another 23%; from 2019 through 2021 up over 63% if budget passed**
- **Factors driving up the tax rate**
  1. **ECSE underfunded mandate**
  2. **Other state unfunded mandates (health insurance; \$75K)**
  3. **Windham is a small, rural town with few students and higher educational costs (ex=special ed) *pop 4500 / 414 32 pro / sq mile***
- **As a result, our per pupil expenditures exceed the excess spending threshold and we have to pay severe excess spending penalties**
- **FY 21 excess spending penalty is \$115,881; 20% of Windham's tax liability; penalties alone add about 75 cents to homestead tax rate**
- **Our understanding is that excess spending penalties exist to discourage wealthier towns from engaging in excessive, discretionary spending on their schools.**

- **Windham's excess spending isn't discretionary; cannot avoid ECSE and other mandates (and we don't even want to), but we do feel Windham is being unfairly punished for obeying the law. (Speed limit analogy?)**
- The increase in our homestead tax rate is causing **serious hardship** for Windham residents.
  1. **Some residents report a doubling** of their taxes over the past four or five years. (Imme)
  2. Some say they may have to **sell and move.**
  3. **How to attract young families with highest homestead rate?**
- **Windham Not wealthy town**
  1. **No McMansions**
  2. **62% retired; fixed income**
  3. **80% of residents qualify for income sensitivity**
- Windham sends over **61%** of our education tax dollars to the state and keeps only a little over <sup>39%</sup>**38%** to educate our children.
- **We have cut our school budget to the bone; we need help**
- **Passing H661** would give us some relief by increasing the reimbursement we receive for ECSE.
- Legislation that would **eliminate excess spending penalties for providing ECSE services** also is needed. (Call on Russ for details?)