



To: House Ways and Means Committee and House Education Committee
From: Sue Ceglowski, Executive Director
Re: Education Finance: District Budgets
Date: April 17, 2020

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Thank you for the opportunity to testify to the House Ways & Means Committee and House Education Committee regarding school budgets.

Today, I will focus on the 19 school districts without approved budgets for FY2021. Nine of these districts' budgets were defeated on Town Meeting Day. Ten of these districts were scheduled to vote on budgets at a later date and have been unable to hold a vote due to the state of emergency caused by COVID-19.

Governor Scott issued the [“Stay Home, Stay Safe” Order](#) on March 24, 2020. That order has been [extended to May 15, 2020](#). The [Secretary of State has issued guidance](#) stating that elections scheduled for April and May should be canceled, if at all possible. Under these circumstances, the 19 school districts without approved budgets are facing great uncertainty about when and how budget votes will occur and uncertainty about the ability to see a budget approved in the current economic crisis.

The VSBA calls for an approach that would provide the 19 districts without approved FY2021 budgets with legislatively granted spending authority for FY2021 equivalent to their FY2020 approved ed spending plus an inflator of the statewide percent increase in FY2021 ed spending from FY2020 -- approximately 4%.

If a district has already presented a budget to voters less than that authorized by this proposal, the default budget should be the proposed budget.

Districts with significant increases in equalized pupils should be addressed by a special exception clause to allow the default budget increase to account for this factor.

In addition, VSBA supports extending the June 30 deadline for these districts to present proposed budgets to their electorate.

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The worsening economy and potential legislative response to the resulting shortfall in the Education Fund is likely to lead to severe pressures on all districts; to not stabilize these 19 districts with reasonable spending authority will disadvantage them as they work to navigate the crisis. [Draft Bill 20-0955 version 1.1](#) which provides FY2021 “default” spending authority equal to FY2020 approved education spending (level funding) would do just that.

Last week, the Vermont Superintendents Association (VSA) hosted a meeting of the superintendents of the 19 affected districts, in which I participated. On Wednesday of this week, VSA and VSBA hosted superintendents and board chairs of the affected districts in a virtual meeting. Thirteen of the fourteen representative superintendents were present and fourteen of the nineteen board chairs were in attendance.

Overwhelmingly, superintendents and board chairs expressed the dire consequences of a default budget based on level funded education spending. For most, version 1.1 of the bill would cause a substantial shortfall requiring a significant Reduction in Force and/or cuts to programs and services. They are gravely concerned about their schools’ ability to address the increased and very significant needs of students returning to school in the fall with a decreased workforce. The magnitude of this once in a lifetime crisis has shown us how heavily our society relies on our schools, as the hubs of our communities, to provide social services well beyond traditional education. These services are in jeopardy in the 19 affected districts if default budgets are level funded based on FY2020 education spending.

An inflator is critical because it addresses, at least partially, the increasing costs school districts have every year in the area of salaries and benefits. It is particularly important in FY2021 because the arbitrator’s decision in statewide bargaining for health insurance for school employees goes into effect during FY2021. According to an expert witness, the arbitrator’s choice of the Employee Commissioners’ Last Best Offer will result in approximately \$25 Million of additional cost (which will be approximately 10% of the overall cost of health care benefits for educational employees). This figure does not reflect the annual increase in premium costs for health plans - the \$25 million reflects an additional cost above and beyond the 14% increase in health care premium rates for FY2021.

Providing a default budget without an inflator in a year where there will be such significant increases in the costs of providing health care benefits would be devastating to nearly all of the 19 districts.

One superintendent captured the dire consequences of level funding this way: “students will be returning to their schools with nothing but barebones education -- no field trips, no extracurriculars, and minimal enrichment and support at the very time these kids are going to need it the most.” This will especially be evident in districts in rural communities and in those with high proportions of economically disadvantaged families. Simply put, equity in educational opportunity will not be addressed but instead tremendously exacerbated.



Finally, I want to be clear, on behalf of the board chairs and superintendents with whom we have been working, as well as for the Vermont School Boards Association, that we are not seeking any unnecessary dispensation or special advantage for these nineteen districts.

On the contrary, our goal is to see these districts placed on comparatively equal footing with those districts that saw budgets approved before the onslaught of operational challenges and fiscal deterioration resulting from the COVID-19 crisis. These districts have been subject to the same challenges of every other district in Vermont in the early days of navigating this crisis and they will be striving to serve children and communities in the same diminished economy under the same state and federal policies that are established to contend with this tragic event.

On behalf of these districts and the students and communities they serve, I ask your consideration in putting them on stable financial ground as they work to navigate the long and challenging road ahead.

Districts With Defeated Budgets:

Alburgh School District
First Branch Unified School District
Harwood Unified Union School District
Milton Town School District
Slate Valley Unified Union School District
South Burlington School District
Springfield School District
Strafford School District
Windham School District

Districts Yet To Vote:

Caledonia Cooperative School District
Essex-Westford School District
Granville-Hancock Unified District
Oxbow Unified Union School District
Rochester-Stockbridge Unified School District
Rivendell School District
Waits River Valley Union School District
West River Modified Union Education District
Windham Northeast Union Elementary School District
Windham Southeast School District.

