

**Testimony for the Senate Finance Committee
on the Task Force on the Implementation of the Pupil Weighting Factors Report
February 23, 2022**

Thank you Chair Cummings and Members of the Committee for providing me with the opportunity to testify today. My name is Tom Candon. I am the Chair of the Norwich School Board, as well as a member of the Dresden Interstate School Board serving the towns of Norwich, VT and Hanover, NH. I represent the district that, according to the Task Force on the Implementation of the Pupil Weighting Factors Report, will see the single largest tax rate increase in the State with the implementation of either recommendation presented in Task Force's report. With thanks to Senators Hardy and Brock for their service on the Task Force, I am not here today to argue the rationale for changing the weighting factors, but rather to provide an example of the potential impact that these new weights will have on our community, our school, and our students.

The results of the weighting study indicate that Norwich has been "overweighted" and has benefited from the existing pupil weighting factors for many years. We do not deny this. By many metrics, Norwich is an affluent community. We have very low numbers of students or families in poverty. We are not a rural district. We have very few English Language Learners. All of these are categories that are under consideration for adjustment in the pupil weights. The challenge of viewing this at the macro level is that we miss the individual implications related to the implementation of the recommendations. My colleagues and I on the Norwich School Board are very concerned about these implications of the implementation of either the recommendation to update the weights, or to adopt a cost equity model as presented in the Task Force's final report. Understanding that the Task Force recognizes that "estimated impacts are fairly substantial for many school districts, thus transition mechanisms...would be necessary to ease the impact, positive or negative, on school districts," I strongly encourage you to consider these transition mechanisms along with the income-based funding model I know you are exploring. I provide here some background on the substantial estimated impact on the Norwich School District and the impact it could have on all of our residents.

According to the estimates provided in the Task Force's report, Norwich's equalized pupil count (using the FY20 data sample provided in the report) would decrease from 580.19 to 475.73, a loss of 104.46 equalized pupils. This loss of equalized pupils would result in a 32.2% tax rate increase from \$1.745 to \$2.306. Estimates of the Cost Equity model show a slightly lower increase of 27.4% from \$1.745 to \$2.222.

To put this in context, this represents an increase of ~\$1,500 on a \$300,000 homestead and ~\$2,000 in taxes on a \$400,000 homestead, for either model.

\$300,000 @ \$1.745 = 5,235

\$300,000 @ \$2.306 = 6,918

\$300,000 @ \$2.222 = 6,666

\$400,000 @ \$1.745 = 6,980

\$400,000 @ \$2.306 = 9,224

\$400,000 @ \$2.222 = 8,888

The expectations tied to the change in weights is that under-weighted school districts will now have excess taxing capacity and will likely increase budgets while maintaining a level tax rate. Likewise, over-weighted districts will feel the pinch of the tax rate increase and likely decrease spending.*

While it is impossible to know what amount of increase Norwich voters will ultimately support, it is possible to look at how much the FY20 budget would have needed to be reduced to result in a lower tax rate increase. In order to keep the tax rate increase to just 5%, or a tax rate of \$1.832 (an increase of almost 9 cents) we would need to decrease the budget of \$12,342,572 by just over \$1.5 million. If the community were willing to accept a 10% tax rate increase, we would still need to decrease the budget by just over \$1 million. Even a 16% increase would require us to cut over \$500,000 from the budget.

Budget reductions of these amounts would, obviously, have a negative impact on our schools. The result would likely be a reduction in teaching and support staff, loss of programming, and deferred maintenance; directly negatively impacting student learning and student safety.

Norwich's ability to decrease the budget to meet these targets is further complicated by our status as a member of the Dresden Interstate School District (SAU 70). Norwich's education spending is a combination of the Marion Cross Elementary School budget (serving Pre-K thru grade 6 in Norwich), plus the Norwich portion of the Dresden school budget (serving both Norwich and Hanover, NH students in grades 7 thru 12).

Again, using the FY20 budget number referenced above, the Marion Cross School portion of the budget was \$5,817,145 and the Dresden assessment to Norwich was \$6,525,427. Thus, the Marion Cross School budget accounted for just over 47% of the education spending for Norwich. In order for us to achieve the budget reductions necessary to alleviate the tax rate increase in Norwich noted earlier, we also would need cooperation from our School Board colleagues in Hanover, NH, as well as the voters of that town, to affect the Dresden assessment to Norwich.

As you know, the education funding system in New Hampshire is different from that in Vermont. Whereas Vermont has attempted to address (and, with this Weighting Study, continues to address) the inequities in our funding and tax system for education spending, New Hampshire has not followed suit (despite multiple lawsuits). The end result is that the Hanover, NH community does not feel the same pressures to address education spending, nor the pressures on the resulting tax rate, as Norwich residents do and will.

Even if we could get the cooperation of some of our Hanover, NH Board members, the governance structure of our system would make the "ask" even more difficult. Our Dresden Interstate School Board

* While Norwich per-pupil spending is high, it is not the highest. According to the FY19 data available from the Agency of Education (the last year reported on their website), Norwich ranks 12th.

consists of 4 members of the Norwich School Board plus 7 members of the Hanover School Board. This structure is set out in the articles of agreement for the Dresden Interstate School District and was based on the proportional number of students that each community has in our public education system. So, even if all Board members from Norwich supported budget decreases in Dresden we would need two Hanover Board members to agree to the reductions as well. After that, because the votes of both communities are commingled before counting the results, we would also need a significant portion of Hanover, NH voters to approve the reductions. So, while decreasing the Dresden budget would not be impossible, it would be very challenging.

Again, while we recognize that, as a whole, Norwich is considered an affluent community and we have been fortunate in what we have been able to provide for our school children, many within our community are not of means whereby an increase to their tax rate in excess of \$2,000 is something they can afford; whether levied all at once, or spread out over three to five years. Some may have to consider moving. Even those of means, who can afford the tax hike, may consider a move across the river to New Hampshire. There was a time when deciding to live in Vermont or New Hampshire strictly on a cost calculation was much more balanced; the thinking went that while Vermont had a State income tax and a sales tax, property taxes were lower than New Hampshire, so it evened out to some extent. This is no longer the case and we already see a handful of people move from Norwich to Hanover each year to realize the cost-savings.

As you work through the details regarding the implementation of the new weights or cost equity model, and your consideration of moving to an income-based funding model, I ask that you consider the potential impacts to those districts that are deemed overweight, the impact on everyone within those districts, the challenges to addressing these impacts for a uniquely configured school district such as ours and, again, encourage you to consider the range of transition mechanisms outlined in the Task Force's report. If consideration continues toward an income-based funding model, I also encourage you to make available tools (for Vermonters and school boards) to analyze and project the impact of such a change. Thank you for your time and consideration. If there is any other information I, or the School District, can provide, please do let me know.