

Good afternoon legislators, my name is Violet Nichols and I am the superintendent of the South Burlington School District.

I want to thank each of you for the work that you have done to make strides in developing legislation aimed at improving education quality and increasing equity for all students in our State.

I am here today to share information with you regarding the impacts of the current education funding formula on our school budget in South Burlington. Our current FY24 budget of \$62.5 million dollars produced a 7% homestead tax increase. The same exact budget, to the cent, if rolled over next year would yield an increase of almost 17%, even without qualifying for the 5% cap. This is because of factors in the education funding formula that are out of the District's control. With our Board-approved FY25 budget of \$71.2 million, the education funding formula would have led to a one year increase of over 37% in our community without the tax cap. This is a crisis and requires attention and action from each of you.

The most significant factor for you to understand about South Burlington is that we are one of the only districts in the State that is experiencing growth. Our city is developing and real estate values are increasing. Five year development plans show a significant amount of new growth already underway. This will continue to impact the CLA. South Burlington was reappraised in 2021. We have sustained two significant drops in CLA two years in a row and this is likely to occur again next year given housing shortages and continuous increases in real estate sale prices tied to growth. The CLA has impacted many districts in Chittenden County, the economic heart of our State. This CLA drop could mean significant reductions in force among our District's 518 employees, which could impact employment rates and childcare in our

local economy. Decreased programming in our schools will impact the educational quality of our schools, which correlates to positive development trends which we seek to protect and encourage.

To prevent ongoing dramatic increases in homestead tax rates, we are asking that legislators consider some type of a limit in CLA fluctuations, or a modification of the CLA factor in the education funding formula. This will provide more predictable budgeting for Districts and produce tax rates that our community can support. I am also requesting that legislators consider allocating other sources of revenue to increase the education yield for FY25. I would further suggest that legislators discuss allocating revenues from sports gambling to positively impact the education funding formula. Finally, I would ask for removal of the section of Act 127 that forces a school district to become disqualified for future access to the 5% cap if it fails to qualify for it in any year between FY25 and FY29, as this can severely penalize a district for otherwise prudent budgeting across the five year period of the current law.

Looking further down the road, to address the bigger issue of overall education spending and lack of affordability, the State must consider if maintaining the current number of schools is benefiting students and taxpayers statewide. With increasing requirements, greater student needs and significant facilities needs, we are reducing education quality and producing high tax increases for communities statewide. To address our education spending problem, the state needs to consider designing regional, collaborative public education models in an effort to maintain education quality and address school facilities.

Facilities deficiencies in South Burlington rank us 11th neediest in the State. We are in no position to introduce a new capital improvement bond when facing a post-CLA tax rate increase of over 18%, while

potentially dramatically decreasing athletics, world languages, the arts, course offerings, and increasing class sizes.

Even with all of these cuts the community would still have an increased homestead tax rate of 16.5%, which will disproportionately impact those needing equity supports in our community.

I humbly ask you today for a modification of the CLA factor in the education funding formula, a mechanism for facilities funding, structures for public schools to pool resources regionally, and less volatile education funding formula inputs. Without these, education costs will continue to soar, no economies of scale will be realized, equity will remain unattained, and schools will continue to look to local taxpayers for facilities support. Our current education funding formula will undoubtedly negatively impact our students and our local and state economies. Our population will continue to decrease if spending is not addressed.

I know that this work is complicated, but I ask you to try. I believe that together we can make changes to support education and economic growth in Vermont. Thank you for all that you do for our communities.

Thank you.