



Winooski School District
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My name is Robert Millar and I am the President of the Winooski School District Board of Trustees. I'm joined by Superintendent Wilmer Chavarria. Thank you for the opportunity to provide testimony on the unintended consequences of the 5% tax rate cap on the implementation of Act 127.

Vermont is one of the only states in the country with a constitution that requires all students, no matter where they live, to have equal access to education funding. The Vermont Supreme Court identified this constitutional requirement back in 1997 in the *Brigham* case and over the years the Legislature has adjusted the way we fund education to ensure that requirement is met.

One way the Legislature ensures students have access to sufficient resources is to “weight” them according to need. But the original student weights created back in 1997 had little objective basis. In 2019, an independent analysis demonstrated that the weights were not getting sufficient resources to the students who need them the most, particularly students living in poverty, English language learners, and students in rural communities.

Act 127 was a response to this analysis and adjusted the way we weight students to ensure Vermont meets its constitutional mandate for equal access to education resources. Winooski was a strong supporter of adjusting the weights, as we serve the highest proportion of multilingual (ELL) students in the state and have among the highest levels of students experiencing poverty.

The FY25 budget adopted by the Winooski School Board invests the additional tax capacity intended by Act 127 in long-identified student needs. The budget directs additional resources toward multilingual liaisons, teachers, social workers, and literacy interventionists, and builds upon our existing PreK program to offer more opportunities for early education in the District. Despite the increased tax capacity Act 127 provides to the Winooski School District, like most other Vermont districts we are forecasting potentially significant tax bill increases for some residents due to escalating property values.



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Two weeks ago, after adopting our budget, with Superintendent Chavarria's support we analyzed several districts' public statements and charts from public board meetings and came to the concerning conclusion that many are increasing their budgets far beyond normal, expected inflation increases in order to take advantage of Act 127's 5% tax rate cap, some even publicly stating that they would not be doing so if this protection was not in place. The result is that districts like Winooski could see a *higher* equalized tax rate than districts protected by the cap, despite the fact that our spending per long term weighted membership is *lower* than the districts analyzed.

Because the Education Fund is a self-balancing system, budget increases between 15-20% for districts that are protected by the tax rate cap will lead to continued decreases in the yield, which will disproportionately affect districts without the cap, like Winooski.

Recent projections by the Joint Fiscal Office indicate that the projected yield has decreased by \$300 from what was in the December 1 letter. That \$300 drop in the yield last week would mean a loss of \$1 million in tax capacity for the Winooski School District. We now face the difficult choice of further increasing property tax bills for Winooski residents, revising our budget to pare back critical investments we thought we could make due to Act 127, or even considering cuts that would be otherwise necessary due to the loss of revenue from previous years and the same pressures schools across Vermont are facing.

Shifting the expense of the 5% cap to districts like Winooski not only turns Act 127 on its head, it will further increase the tax burden on Winooski residents, exacerbating issues our community is experiencing related to housing insecurity and the displacement of vulnerable families.

One suggestion we have as you consider options to address this issue is to explore the possibility of a limited-time revenue source to fund the transition period. To avoid pitting "winners" and "losers" under Act 127 against one another, a revenue source that offsets the costs of a transition period could preserve the intent of the legislation and ensure the constitutional principle of equal access to educational resources is upheld.

Thank you.