

Governor Scott's Education Transformation Proposal

A Plan to Build Stronger Schools, Stronger Students and Vibrant Communities

Purpose of this Document

The purpose of this document is to serve as a companion to the presentation provided by the Agency of Education to the Caucus of the Whole on January 22, 2025. An addendum with additional details, including financial modeling, considerations regarding tuition payment, special education, teacher salaries, and the potential role of Boards of Cooperative Education Services (BOCES) will be provided as specific policy decisions are made during the 2025 Legislative session.

Background

In spring of 2024, Vermont's school districts faced an unprecedented crisis. In reaction to rising cost pressures and sharp increases in property taxes, over one third of school district budgets were voted down. While budget failures occurred in all areas of the state, districts in economically disadvantaged communities felt the impact most keenly with reductions made to staffing in educational programs that serve the highest needs students. Vermonters across the state have expressed their concern about the increasing cost of living, stagnant outcomes for students, and unequal access to high quality educational opportunities. Today, students in different districts receive different funding, even though they have the same needs; in our current funding construct, this is an allowable and expected outcome of local decision-making. However, we know this funding approach can limit student opportunities, particularly in school districts with less income and property wealth.

Rationale for a Comprehensive Approach

The governor's intent is to strengthen Vermont's public education system. Vermont has the rare opportunity to not only make our system more affordable for taxpayers but to improve the quality of education for all kids – no matter their challenges or where they live. Because of the complexity of our current system, the changes that need to occur to reach the desired end state are interconnected. The Governor's plan is a comprehensive, three-pronged approach to achieve our desired outcomes for the system and for our students with reforms to funding, governance, and education quality.

As the Governor and the Agency of Education (AOE) approach this work, they are guided by key questions:

- How can Vermont reduce the inequities in per pupil spending to ensure students with similar needs receive similar resources?



- How can we align funding and resources with student need to drive student outcomes and success?
- How can we create more meaningful opportunities for students and support a whole child approach to reduce absenteeism, and improve student engagement?
- How can we support high-quality and cost-effective delivery of special education services in all districts and schools?
- How do we ensure that every student has a highly qualified teacher in a safe, healthy, and welcoming school environment?

“...real solutions will include changes to all three policy consideration areas [funding, governance, delivery model], and...there is no silver bullet.”

-The Commission on the Future of Public Education

Problem Statement

Vermont faces significant challenges across its public education system, requiring changes to governance, funding, and accountability to ensure long-term sustainability and equity. These challenges stem from declining enrollment, persistent achievement gaps, and inefficiencies in resource allocation, all of which are compounded by Vermont’s overly complex organizational governance structure and confusing education funding system. Without a comprehensive approach to reform, Vermonters will continue to face difficult choices between offering robust education opportunity or making deep cuts to education to keep Vermont affordable.

Background and Trends

Vermont’s education spending is among the highest in the nation in per-pupil expenditures. Compared to other states, Vermont has some of the smallest schools (ranked 46th in size nationally) and high staffing levels (1st in staff-to-student ratios).

However, this investment has not resulted in improved student outcomes, as evidenced by mixed results on the National Assessment of Educational Progress (NAEP). While Vermont ranks highly in reading performance on the National Assessment of Educational Progress (NAEP), math performance is only average, and both areas have shown a downward trend over time.

Based on the state assessment results, achievement gaps persist across subgroups (Free and Reduced Lunch, English Learners, and Special Education) in both English Language Arts (ELA) and Math. The pandemic exacerbated these issues, with proficiency rates in ELA and Math dropping by 10% across all grades, and recovery remains uneven post-pandemic.

Governance inefficiencies also contribute to the challenges. Vermont has a disproportionately large number of school boards and the highest ratio of school board members to students in the nation (1:75), leading to fragmented decision-making and resource management. These governance issues strain administrative resources and make it difficult to address the needs of a declining student population strategically.

Long-term demographic trends amplify these concerns. Vermont's public school enrollment has declined by 21.5% in K-12 between 2003-04 and 2022-23. Declining enrollment is also coupled with rising health care costs and broader affordability challenges statewide. This is putting increased strain on smaller Supervisory Unions/Supervisory Districts (SU/SDs), which tend to serve higher need students and pay their teachers less due to budget constraints.

Lastly, the complexity of Vermont's funding system makes it difficult for taxpayers to understand how their taxes are calculated and how local school spending impacts them. The system lacks guardrails to ensure consistent budgeting across districts. There are no minimum reserves, class sizes, or base funding requirements. While allowing for flexibility, the system gives voters few metrics to compare spending and ensure financial sustainability. This has led to increased spending. In 8 years, the Education Fund has grown from \$1.6 billion to \$2.3 billion.

The rising costs have required additional sources of revenue to meet the need for funding. While property taxes have appropriately been a focus of discussion, it is important to note that other revenue sources have been added to the Education Fund. Other revenue sources include 100% of the Sales and Use Tax, totaling approximately \$600 million per year, one third of the Purchase and Use tax, a quarter of Meals and Rooms Tax, all new short-term rental surcharge, and lottery proceeds.

"This session we have the rare opportunity to not only make our system more affordable for taxpayers, but to improve the quality of education for all kids – no matter their challenges or where they live. And we owe it to everyone to seize the moment and be brave, together."

-Governor Phil Scott

In a national context, Vermont's funding system is unusual in that local districts determine how much they wish to spend, and this spending collectively drives the total amount the state must raise through taxes ([Vermont's Education Funding System: Explained and Compared to Other States](#)). This bottom-up approach, where districts effectively set statewide spending levels, complicates efforts to align resources with priorities and manage costs sustainably. It also creates additional layers of complexity for taxpayers trying to understand how their local budget decisions impact broader state finances. From an education quality perspective, the concern is that Vermont's education funding system results in inequitable funding between communities and creates challenges in managing declining enrollment.

The overall timeline for school district budgeting is problematic. Compared to other states, Vermont's budgeting cycle starts earlier when many of the data inputs are unknown and ends earlier, limiting capacity for strategic budgeting. Additionally, information gaps persist between the major decision-making bodies at key points in the cycle. As an example, when district electorate votes on the proposed budget, the final resulting tax rate is forecast but not known with certainty. This disconnect occurs because the General Assembly must wait to consider outcomes of accumulated budget votes to set the education property tax yield.

Context on *Brigham* Decision

Vermont's education funding system includes complex sharing and equalization mechanisms in an attempt to promote equity of opportunity as well as tax rate equity. It was adopted in response to a successful legal challenge to the former funding system.

Vermont's Constitution includes an Education Clause, which, together with the Common Benefits Clause, has been interpreted by the Vermont Supreme Court in *Brigham v. State*, 166 Vt. 246 (1997) as requiring equal education opportunity for all students, regardless of their town or district's property wealth. Vermont's Education Clause places the responsibility to ensure equal education opportunity on the State.

In the *Brigham* decision, Vermont's Supreme Court stated, "[t]he state may delegate to local towns and cities the authority to finance and administer the schools within their borders; it cannot, however, abdicate the basic responsibility for education by passing it on to local governments, which are themselves creations of the state." The *Brigham* decision also stated that the school funding laws in place at the time failed to provide equity, because communities did not have the same ability to raise property revenues to provide a quality education for students. This put students who lived in school districts with lower property wealth at a disadvantage.

The Governor's plan ensures both taxpayer equity and equity of student opportunity, as required by Vermont's Constitution. It goes beyond providing school districts with the mere **ability** to provide equitable funding to students; it actually requires the equitable **delivery** of funding to students, based on their learning needs.

"What I think is different now is that the governor, and, I think, leadership in the House and the Senate, are actually truly on the same page when it comes to the need to, if not fully replace the system, then overhaul it."

-Senate President Pro Tempore Phil Baruth

Need for Comprehensive Approach

Just changing the funding formula risks creating extreme disparities, with some districts benefiting significantly while others face losses. Without establishing clear guardrails for quality, such as minimum standards for services or outcomes, funding changes could lead to even greater variability in educational opportunities across communities. True equity requires a coordinated approach that ensures students with similar needs receive comparable services, regardless of where they live. Achieving this level of consistency and fairness is only possible if we address systemic inefficiencies and design solutions that work at scale, leveraging resources and expertise across the state.

Goals of the Policy Change

The Governor's plan aims to ensure equity across schools, while creating an education funding system that is more transparent, predictable, and affordable. It seeks to guarantee that every child with the same needs receives the same amount of state funding, regardless of their geographic location. By prioritizing equity for both students

and taxpayers, the policy aims to preserve opportunities and allocate funding based on need rather than a community's relative wealth or willingness for higher spending. Most importantly, the policy focuses on improving the quality of opportunities for students by directing resources according to best practices and evidence to support student success.

Key Indicators of Improvement:

- Predictability and transparency
- Equity and quality
- Sustainability and cost savings
- Consistency and capacity

The proposed changes include implementing a funding formula with a rational, evidence-based per-student amount, updated student weights to account for needs, and scale adjustments. Each of the elements of the formula are based on research conducted in Vermont as well as across the United States. The move to a foundation formula aims to improve predictability, transparency, and equity by ensuring that funding is connected to resources that will improve education quality and opportunities.

Governance reforms focus on achieving consistency, sustainability, and capacity while realizing cost savings through right-sizing the scale at both district and school levels over time. The plan emphasizes the need for fewer governance units, supported by elected, part-time school boards, to foster greater shared ownership and support for all Vermont students.

The addition of School Advisory Councils allows community engagement in the budgeting process at the school level, shifting the focus on how resources are utilized rather than just the bottom line.

Additionally, the plan aims to establish a stronger state accountability framework to ensure effective oversight and enhanced AOE support to promote equitable outcomes. Overall, the plan presents a unique opportunity to holistically improve the system, delivering better outcomes while spending less.

Funding

Current state

Vermont's current funding model equalizes school districts' ability to raise education taxes, leveling out the distinctions in property wealth among districts. The current funding system does not provide equalized education dollars to districts. Instead, the system provides the tax capacity for local communities to choose to spend more based upon their student populations. The choice to spend or not spend equitable amounts of education funding per student across the state rests with individual districts, following voter approval. Spending patterns demonstrate that many districts do not utilize the tax equalization mechanisms to increase spending, even in the districts with the most demonstrated student need. In fact, we find persistent trends showing that lower-need

SU/SDs spend more than higher-need SU/SDs based on a preliminary analysis of FY25 spending. Moreover, if we assumed that current spending remained the same and every district took advantage of their taxing capacity, spending would increase significantly, further exacerbating the state's affordability challenges.

The complexity of our current system makes it difficult for Vermonters to navigate and

"...it's going to have to be a statewide solution, and there's going to be a need for some pretty big compromise here to make a difference."

-House Speaker Jill Krowinski

understand. The connection between district budgets, local tax capacity (weights), and individual tax bills is not straightforward, which can reduce engagement in the system and create frustration for voters who see taxes go up even if their own district's budget is flat or reduced ([Listen and Learn Tour Summary Report](#)). The ultimate connection to a voter's tax bill is further obfuscated by an income sensitivity mechanism that exacerbates misunderstandings in the system. For a system

that relies so heavily on local control for cost containment, its success depends on local decision makers understanding how their decisions will impact their taxes – a task that is, at best, extremely complicated, and, at worst, impossible in the current system.

There are few guardrails in the system to promote cost control. Vermont's funding approach results in all Vermonters contributing to fund higher spending in certain communities, regardless of whether those expenditures align with need as defined by the Act 127 weights. Because Education Tax rates in a community increase due to statewide spending trends, there is limited incentive for individual districts to make difficult budget decisions and reduce spending as enrollment declines.

In this context the State Education Fund must shoulder the aggregate spending decisions of districts statewide. The statewide Education Property Tax serves as the "shock absorber" to ensure enough revenue is raised in a given year.

Policy Change

Establishing a Foundation Formula for Vermont

The Governor's Plan proposes a foundation formula that prioritizes investments in evidence-based educational strategies and Vermont's expressed policy goals. Foundation formulas that prioritize resources for students are the most common approach to education funding in the country, with 36 states using a student-based funding formula according to the Education Commission of the States. These approaches establish a target funding amount that is provided to educate each student based upon their unique characteristics and their school or district's circumstances. States differ in the specific funding amount they provide, as well as the parameters of the funding formula itself. **The use of a foundation formula to establish what should be spent, at minimum, on each student is distinct from how the funding is generated.** This separate, but important consideration, will be addressed in a subsequent section of this policy proposal.

The proposed Vermont foundation funding formula includes:

- An evidence-based base per-pupil funding amount, which represents the resources needed for a student with no special needs, in a district with no special circumstances, to receive a quality education;
- Adjustments (through weights or funding amounts) to target additional resources to support student needs, including for economically disadvantaged students, English Learners (ELs), and Career and Technical Education (CTE) students, along with categorical funding for special education students; and
- Adjustments to address school and district circumstances including scale and geographic sparsity

The foundation funding formula will result in a funding system that will be more transparent, understandable, and predictable for schools, districts, families, taxpayers, and the state. This formula ensures that resources are distributed fairly across the state and that students receive the same level of resources to meet their needs, regardless of where they live.

"[Desire for more] Alternative learning choices expanded, and those opportunities given to more students"

CVU Youth Listen and Learn Engagement Session, December 4, 2024

Further, by explicitly establishing funding levels based on expected educational opportunities for all Vermont students, the formula is designed to further key policy goals including:

- Expanding early childhood education;
- Increasing afterschool and summer programs in underserved communities;
- Ensuring every student benefits from specials like art, music, and world language;
- Providing additional access to mental health services for students;
- Extending and enriching college and career pathways, starting in middle school and culminating in our graduates being prepared to take on critical jobs in high demand industries; and
- Raising teacher salaries to ensure that all students have access to a high-quality teacher and that teachers are valued as professionals.

Methodology

Establishing the parameters of the funding formula involved a review of the current funding system components, approaches of other states, and the findings of other states adequacy studies. Additionally, the proposal builds on the wealth of research that has been completed in Vermont about education funding and the resources necessary to support high quality education in Vermont, including:

- District Management Group, [*Expanding and Strengthening Best-Practice Supports for Students Who Struggle*](#), November 2017, on behalf of AOE
- University of Vermont, [*Study of Vermont State Funding for Special Education*](#), no date, on behalf of AOE
- University of Vermont and American Institutes of Research (AIR), [*Pupil Weighting Factors Report*](#), December 2019, to the House and Senate

- Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance (“2019 UVM/AIR Report”)
- Legislative Task Force, [*Task Force on the Implementation of the Pupil Weighting Factors Report*](#), December 2021 (“2021 Task Force Report”)
 - AOE, [*Legislative Report: Prekindergarten Pupil Weights*](#), December 2023, Report to the Vermont General Assembly (“2023 Prekindergarten Report”)
 - Tammy Kolbe, [*Report on the Additional Cost of Educating Vermont’s English Learner Students*](#), January 2024 (“2024 EL Report”)
 - Picus Odden and Associates, [*An Evidence-Based Approach to Identifying an Adequate Education Spending Level In Vermont*](#), September 2024, on behalf of the Vermont Legislative Joint Fiscal Office (“2024 EB Report”)
 - Forthcoming study from Augenblick, Palaich and Associates (APA) on CTE governance and funding

AOE has worked with APA as a consultant to review the above sources of information and compile them into a complete set of policy recommendations to establish a new funding formula. As a firm, APA is a nationally recognized expert in school finance, having worked across the country for over 40 years to review, develop and refine state education funding systems, including most recently updating funding systems in Maryland, Nevada and Washington, D.C.

Evidence-based Base Funding Amount

The 2024 EB report from Picus Odden and Associates (POA) on behalf of the Vermont Legislative Joint Fiscal Office, identified the cost of providing an adequate education in Vermont, including establishing a base and adjustments. The study used an evidence-based approach to establish what the base cost needed for all students will be. The evidence-based approach is one of four approaches used to establish the cost of an adequate education, nationally. An evidence-based approach has been used as the basis for the funding systems in Arkansas and Wyoming, both of which are subject to court decisions, so the approach has been further upheld as meeting each state’s legal requirements.

This base amount is based on an identified set of resources (personnel and non-personnel) in prototypical schools, to which average salaries and benefits for each personnel position are applied. APA has partnered with POA in several states (Colorado, Maryland, Michigan, Nevada and Washington, D.C.) to implement the evidence-based approach and reconcile the resources identified in the evidence-based model responding to state educator input to adapt it for each state’s unique context. Based upon this partnership and prior experience, APA recommended a number of adjustments to the evidence-based model resources put forth in the 2024 EB report in an effort to tailor the model to Vermont, including its unique scale considerations, feedback heard through the Listen and Learn Tour, and state priorities. These adjustments included:

- Staffing specials or elective teaching staff at a level similar to the high school to allow for more robust course offerings, including career exploration, and needed planning time for staff;

- Adding additional high school teaching positions to offer college and career readiness coursework;
- Adding additional student support, including mental health professionals;
- Assistant principals at the elementary and middle school level;
- Adjusting the nurse staffing level from 700:1 to 500:1 to align with Vermont education quality standards;
- Increasing teacher salaries and ensuring teacher pay equity across the state; and
- Adding additional per-student funding to provide CTE coursework in middle and high schools, as well as to support flexible pathways.

These adjustments were consistent with stakeholder feedback from the AOE's Listen and Learn Tour. Through the Listen and Learn Tour, Vermonters expressed a desire for (1) more robust education opportunities for students, including expanded college and career readiness coursework in all high schools and career exploration in middle schools, as well as (2) additional social-emotional and mental health supports for students. These adjustments are also aligned with state priorities for students and teachers. Finally, based on APA's experience, the additional staffing for student support administration in elementary and middle schools, and middle school electives are common adjustments recommended to the evidence-based model by educators in other states.

The final recommended resources in each prototypical school that drive the base cost amount are summarized in the following table. Highlighted cells are adjustments to the evidence-based model that were recommended by APA; otherwise, the resources were the same as recommended in the 2024 EB report.

	Elementary 450 Students	Middle School 450 Students	High School 600 Students
Core Teachers	26.00	18.00	24.00
Specials/Elective Teachers	5.20	6.00	8.00
College and Career Readiness Courses	0.00	0.00	2.00
Instructional Coaches	2.25	2.25	3.00
Interventionists (Teacher Tutors)	1.00	1.00	1.00
Counselors/Social Worker/Mental Health Professional	2.00	3.60	4.80
Nurses	0.90	0.90	1.00
Supervisory Aides	2.00	2.00	3.00
Library Media Specialists	1.00	1.00	1.00
Substitute Teachers	1.72	1.36	1.90
Principals	1.00	1.00	1.00
Assistant Principals	1.00	1.00	1.00
School Secretary	2.00	2.00	3.00

Adjustments to Support Student Needs

Act 127 established student weights, but they are not tied to a base, as is the normal practice in education funding. These weights represent additional taxing capacity, not weights that drive dollars to meet student needs directly. A review of expenditure data has demonstrated that higher need communities are not fully leveraging these weights and are not necessarily spending at the proportionate levels.

The available research in Vermont produced varying weights and/or targeted funding levels to serve students including:

- Economically disadvantaged students
- English Learners
- CTE students
- Preschool students
- Special Education students

It is important to make clear that it is difficult to compare student weights without a known base amount. A student weight without a base figure does not target a specific level of funding. Where available, the overall amount of additional funding for specific students was considered, and a weight was calculated utilizing the proposed base amount.

Economically Disadvantaged Students. The 2024 EB study's weight for economically disadvantaged students ranged from 0.34 to 0.49 based upon the assumed percentage of students that would participate in extended learning opportunities. This weight is lower than the current Act 127 weight of 1.03, which was the same weight identified in the Task Force report. However, it is within the range of weights commonly seen for economically disadvantaged students nationally. APA and AOE recommend a weight for economically disadvantaged students that, when applied to a robust base amount as proposed, will generate a level of funding that is closer to what is recommended by the 2021 Task Force report. It will also be one of the highest weights for economically disadvantaged students in the country.

English Learners. The EL weight recommended by the 2024 EB study was 0.44 to 0.58, again based on student participation in extended learning opportunities. This weight is lower than the current Act 127 weight of 2.49, and the preceding 2019 UVM/AIR report. The 2024 EB study weight will generate a lower amount of funding than recommended in the 2024 EL report.

APA and AOE recommend that a single EL weight be lower than the current Act 127 tax capacity weight, but significantly higher than the 2024 EB report weight, in order to generate additional funding at a scale similar to what is recommended in the 2024 EL report. APA and AOE recommend the state also consider a tiered approach with multiple EL weights based upon student language acquisition levels (as measured by WIDA). This tiered approach was recommended in the 2024 EL report for Vermont and

has recently been recommended by APA in Ohio and Colorado, among other states. Similar to the economically disadvantaged weight, at such a level, the recommended EL weight will also be one of the highest EL weights in the country. If Vermont explored a tiered approach, it would put it at the forefront of the field in this area. Given the particularly wide achievement gaps seen in Vermont for ELs and the challenges of meeting student language needs in areas with low population levels, this is considered a key investment area.

CTE students. Over the past year, APA has been conducting a study of CTE governance and funding in Vermont. This work examined current CTE program costs in technical centers, including analyzing the variance in costs based upon program and setting. APA has found that on average, CTE programs cost around \$25,000 per student to provide a full-time program, not including any costs still incurred by sending districts to support students. APA and AOE recommend a funding system that will fund a single unified CTE governance entity for all students attending CTE centers. Funding through a CTE weight for each CTE student will go directly to the single governance entity. Full-time CTE students will receive the full weight and part-time CTE students will be funded proportionally. Sending districts will retain a portion of the students base funding to provide the guidance and support services needed for their students.

Preschool students. After reviewing the 2023 Prekindergarten report, APA and AOE recommend that instead of funding preschool students as partial ADM (-0.54) that four-year-old preschool students should be counted and funded as a full 1.0 ADM and receive the full base amount. No recommendation is made for early essential education (EEE) students at this time with the students modeled at the current weight. The AOE and APA recommend further consideration be given to adjusting both these weights in the future following additional analysis of costs and program delivery.

Special Education students. Absent further study, the AOE and APA recommend maintaining the current approach to funding special education through the census-based block grant. However, the APA and AOE recommend that the amount of funding be adjusted to reflect the portion of special education costs that are currently not addressed through the census block grant. The level of adjustment necessary is still being determined.

Adjustments to Address School and District Circumstances

In addition to adjustments for student characteristics, recognition also needs to be given to the impacts of school and district characteristics on the cost of education delivery.

School Scale. The 2024 EB report highlighted that its assumed base resources did not take into consideration the differences in school scale seen in Vermont, where average school sizes are much smaller than the 450 or 600 student prototype schools in the evidence-based model. These prototype school sizes represent the point of efficiency and can serve as the foundation of an upwards adjustment to account for the diseconomies of scale and higher costs to operate smaller settings.

Currently, Act 127 provides a weight for schools with fewer than 250 students and fewer than 100 students in geographically sparse communities of 0.07 and 0.21 respectively. These weights are slightly lower than those recommended in the 2019 UVM/AIR study (0.12 and 0.24). APA examined the use of the evidence-based model at different school sizes. This was done based upon its decades of experience working with educators to identify resources using the professional judgment approach. The results of this work allowed a vetting of the current weights vs. the 2019 UVM/AIR study weights. Using this approach, APA and AOE recommend a differentiated weighting by size that is more similar to the higher weights of the 2019 UVM/AIR study. As such, APA and AOE recommend using the 2019 UVM/AIR weights as the basis of a school size adjustment, with the following important changes to how the adjustment is implemented:

- Currently the weights are applied as tiers, leading to funding “cliffs” or very different funding based on having one student above or below the weighting thresholds. For example, if a school had 99 students, they would receive a weight of 0.21 for each of their students but if they had 101 students, they would receive a weight of just 0.07 for each student. APA would instead recommend a formula to smooth out funding cliffs.
- Provide additional funding for schools between 250 and 450 students through the size adjustment formula (the prototypical school size generating the base amount is 450 students).
- Allow the formula to provide additional funding for schools less than 100 students. Currently, as the max weight provided does not change under 100 students the adjustment is essentially “capped.” APA would recommend allowing for additional weighting through the formula below 100 students until such time as the state defines eligibility criteria for schools that are small by necessity.
- Apply to all schools based upon their current enrollment, instead of only schools in sparsely populated areas. In the future, the state can set criteria for schools that are eligible to receive the funding based upon being small by necessity, either due to geography, sparsity, facility constraints or other considerations.

District sparsity and size. Recognizing that more sparsely populated, rural areas face higher costs of doing business, APA would recommend continuing the adjust for district sparsity using the current system weights and exploring adjustments, if necessary, in the future. With the proposed governance change, APA would not recommend an additional adjustment for district size as all proposed districts would be above the 3,900 prototypical district size used to generate the evidence-based model base.

Tax Considerations

The plan largely funds the foundation formula through an easy-to-understand property tax system featuring a single statewide tax rate on all property. The Education Property Tax rate could be known prior to local votes, providing more certainty for school boards and voters.

In place of today’s Property Tax Credit, income eligible homesteads will be able to exempt a portion of their home value from the statewide Education Property Tax. This will have the advantage of all taxpayers paying the same property tax rate in a town,

while maintaining income-based support for eligible homeowners. An income-based homestead exemption is also simpler to explain to taxpayers and will be more responsive to property value and rate changes in the current year than the existing property tax credit program.

Districts could choose to raise limited additional funds above their foundation formula amount through their local grand list. A district guarantee will ensure each district could raise a similar amount of revenue for each cent on their local tax rate. It is important to note that the new districts will oversee a larger number of students, schools, and communities.

Scale

Current State

Vermont's school governance structure is notably larger and more complex than in many other states. Vermont has 52 Supervisory Unions which are further divided into 119 school districts that govern 287 schools, serving 83,733 publicly funded students.

Supervisory Unions (SUs) in Vermont are collections of multiple school districts, each with their own school board, that share certain centralized services but retain individual budgeting, employment, contracting and facilities responsibilities. Supervisory Unions are very rare in the rest of the country, and in Vermont have developed as a way to achieve some scale and efficiency, while retaining very small school districts.

Additionally, SU and school boards in Vermont generally have more members per board than elsewhere in the country:

- Membership on unified school district boards range from 3 to 19 members, with an average of 7 members.
- Some SUs can have between 2 and 7 school boards, depending on the number of districts, with total membership ranging from 10 to 78 members.
- On average, each Supervisory Union has one school board member for every 75 students.

To put this in perspective, many states either do not have Supervisory Unions or have school districts with just 5 or 7 board members. In most states, having a superintendent work with 9 board members is considered large. The higher number of school boards and their involvement in budgeting and policy decisions in Vermont makes it more difficult to develop consensus on how to manage spending and coordinate educational programs across districts ([Vermont's Education Funding System: Explained and Compared to Other States](#)).

"[We need] more regionalized decision making [to] break out of hyper local systems that are not working."

**-Burlington Listen and Learn
Public Engagement Session,
December 3, 2024**

Policy Change

Considerations regarding scale involve establishing a streamlined school governance structure, creating structures to support local decision-making at the school level, and determining the ideal school size to effectively meet educational objectives.

Regarding school governance, the plan eliminates the supervisory union as a construct and transitions to five school districts that oversee a larger portfolio of schools, spanning a larger geography. Having fewer school districts that oversee more students improves efficiency, promotes resource sharing, and supports equitable decision-making for students from many communities. The five districts proposed are based on the long-standing regional organization structure of the Vermont Superintendents Association, building upon an existing construct that supports cooperation and coordination. The five districts equalize student population, with the exception of Champlain Valley Region, and narrow the property wealth gap across districts.

Recognizing the importance of local engagement, the plan adds local School Advisory Councils to involve parents, community members, students, and staff in decisions around school improvement planning and equitable budgeting. The School Advisory Councils will establish membership requirements that promote high levels of community engagement and elevate the diverse perspectives of local communities.

Finally, schools will be assessed based on financial viability and educational quality. Schools that fall short of these standards will be offered a range of options, including resource sharing or merging, with support from the AOE. A clear distinction will be made between schools that are small due to necessity and those that are small by choice. Factors such as rural location, commute times, building capacity, and other relevant considerations will be taken into account, with adjustments to funding made as needed.

Education Quality

Current State

Existing statute, 16 V.S.A. § 165, provides a framework for education quality, but more guidelines are needed to ensure consistent and high-quality education across districts. This proposal strengthens the AOE's role in overseeing and supporting education quality.

Policy Change

Moving rulemaking under the authority of the Agency of Education (AOE) is critical to supporting the transition and accelerating future state planning. By placing rulemaking under the same entity that implements the rules, we can achieve greater efficiency,

consistency, and clearer lines of responsibility. In addition to the current concepts within

Creating coordinated curriculum “from scratch” is laborious, expensive, and time consuming...a statewide curriculum could serve as a foundation. LEAs could focus resources on how curriculum is implemented.

Southwest Regional Listen and Learn Planning Session, September 24, 2024

education standards, the state requires a stronger accountability framework. This includes the need for regulations that define minimum and maximum school and class sizes, standardized graduation requirements, guidelines for proficiency-based grading and promotion, and clear education quality and fiscal measures. Strengthening state support and oversight will allow educators to focus on teaching and learning, reducing the burden of localized educational systems.

The AOE should also adopt rules for equitable budgeting among schools in larger districts, involving School Advisory Councils to guarantee community input in district-wide policymaking and

budgeting.

Timeline Considerations

The policy proposal outlined above will require a multi-year transition plan, guided by clear goals and opportunities to assess and adjust as additional considerations are identified. The AOE will play a key role in providing continuous, on-the-ground support to new districts and school boards, to minimize disruption to teaching and learning and support high-quality education. As additional policy choices are made, the timeline below can and should be adjusted to ensure success in implementation.

2025-26 School Year:

- Stabilize the system & support early transition planning
- Hold property taxes level by infusing other State funds on a one-time basis
- AOE rulemaking to establish school scale, sustainability, and budget guidelines

2026-27 School Year: Transition to new funding formula and provide on-the-ground support

- Elect new school district board members November 2026
- Build first year budget for new school districts
- Complete close-out of current school district business
- In July 1, 2027, new districts take over operation of district schools

2027-28 School Year: Fully move to new funding and governance system

- Districts receive weighted base amount per pupil in four quarterly payments from AOE
- Districts receive categorical grants, special education census-block grant, and federal funds from AOE

- Districts begin community engagement to build FY 29 budgets and receive input from School Advisory Councils about community priorities for schools

2028-29 and Out Years: Rescale school portfolio to achieve quality and financial indicators

- Districts use AOE rules to evaluate existing school operation patterns
- AOE provides support and data to inform district evaluations

Conclusion

Vermonters value education. They have consistently demonstrated this through constitutional commitments, well-intentioned laws, and by consistently passing school budgets, despite increased financial pressures. However, over the past decade, demographic changes have resulted in declining student enrollment and a shrinking taxpayer base. At the same time, schools are being asked to take on more responsibilities, the costs of school employee health insurance continue to rise, and inflation has driven budgets higher. This has created a growing tension between what Vermonters can afford and the desire for more opportunities for students.

Vermont has come to a crossroads: we can stay the same and continue to make hard cuts that impact students and schools, or we can make changes supported by national, evidence-based best practices. We can do more for our schools, more for our kids and more for Vermonters.

Governor Scott has proposed a comprehensive plan to reform all aspects of the education system. The plan proposes a shift to a foundation formula, with a generous, quality-driven base and weights to ensure that higher needs students receive the same resources. As a result, the education funding system will be more transparent, predictable, and fair. By restructuring district and school governance, the plan aims to enhance efficiency and cost-effectiveness, while fostering innovation, resource sharing, and personalized learning opportunities. Strengthening state support and oversight will allow educators to focus on teaching and learning, reducing the burden of localized educational systems.

Our aim is to preserve what Vermonters value and elevate what works well. We look forward to hearing continued input from school leaders, teachers, legislators, students, parents, and community members. Together through the legislative process we can make bold changes to create stronger schools, stronger students, and vibrant communities.

Key Resources

[Listen and Learn Tour Summary Report](#)

[November 2024 State Education Profile Report Re-Release](#)

[Vermont's Education Funding System: Explained and Compared to Other States](#)

[Cradle to Career Overview](#)

[Education Governance Presentation](#)

[Fundamentals of a Foundation Formula](#)

[Education Funding Presentation](#)

[State Education Profile Presentation](#)

[Agency of Education Listen and Learn Tour Summary Presentation](#)

