

# VERMONT

## SCHOOL BOARDS ASSOCIATION

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*Great Governance, Excellent Education, Strong Communities*

TO: House Ways and Means Committee

FROM: Sue Ceglowski, Executive Director and General Counsel, VSBA

RE: Foundation Formula

DATE: April 3, 2025

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My name is Sue Ceglowski; I'm the Executive Director and General Counsel for the Vermont School Boards Association (VSBA). I appreciate the opportunity to testify today on the foundation formula that is under development.

As I mentioned when I testified last week, data and modeling to show the impact of a new funding formula on school districts over time is critically important. We are unable to respond to any proposals in depth without that information.

We appreciate the Committee's focus on providing adequate funding over time and want to re-emphasize the importance of building a formula that reflects the true cost of school employees' health benefits and adjusts each year based on the rising cost of those benefits.

Changes to the funding formula will not be successful in reducing the cost of education without addressing this major cost driver in school district budgets. Through the current bargaining process and two times in arbitration, school employees pay zero dollars in deductibles due to the collectively bargained Health Reimbursement Arrangement (HRA) that sits on top of the VEHI plans. These benefits are consuming a larger and larger portion of Vermont school budgets. To deal with this issue, school boards have to hold the line on the remaining parts of the budget. Healthcare is squeezing out other education initiatives and could do so in a more aggressive manner under a foundation formula if the funding does not keep up with the rising costs.

To address this cost driving challenge and do something that would curb rising costs that squeeze programming dollars for students, we urge this committee to revise the statute on the statewide bargaining process for school employees' healthcare. Timing is crucial and acting this session matters. Along with these comments, I am submitting a two-page document on addressing the cost of school employees benefits which provides steps you could take to revise the law on that process. The process is set to begin again next spring to bargain for healthcare benefits that begin on January 1, 2028. 16 V.S.A. Section 2104(c)

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requires that the term of each negotiated agreement shall not be less than two years. Therefore, at the very least, the next round of bargaining will commit the state to terms that will be in effect through January 1, 2030. If legislators want to have an impact on that process, now is the time to act.

