To: Committee for House Ways and Means
From: Elizabeth Jennings, President of Vermont Association of School Business Officials (VASBO)
Re: H.949 The Yield Bill
Date: April 30, 2026

Good afternoon, Chair and members of the Committee:

My name is Elizabeth Jennings, and I serve as President of the Vermont Association of School Business Officials. Thank you for the opportunity to provide testimony regarding the current version of H.949.

Earlier this year, I partnered with the Joint Fiscal Office to deliver a presentation designed for new school board members, superintendents, and business managers. The purpose of that session was to improve understanding of the December 1 letter, particularly the property yield, the process used to develop it, and its effects on school district budgets. The Joint Fiscal Office provided detailed insight into how the yield is calculated and the inputs required to prepare that estimate. My portion of the presentation focused on how school districts are already well into their budget development process by the time the letter is issued, and how the yield provided in that letter directly shapes local budget decisions and tax rate projections presented to voters.

Historically, the December 1 property yield has provided a relatively stable and reliable foundation for districts to estimate education tax rates. While there have always been some adjustments during the legislative session, communication from the Agency of Education and legislative partners has typically allowed districts to respond thoughtfully when changes appeared likely.

However, in a recent year, this process became highly volatile. Yield estimates shifted dramatically and frequently—at times on a weekly basis. This created significant disruption for school districts attempting to finalize budgets and present accurate information to voters. Many districts were forced to make independent assumptions about the yield, leading to inconsistent approaches across the state. As a result, numerous school budgets failed on initial votes and required multiple revotes.

While several factors contributed to those outcomes, a primary issue was a loss of public confidence. Voters questioned whether districts were presenting accurate and responsible financial information. When tax rates ultimately differed from what had been communicated—regardless of whether those differences were higher or lower—it eroded trust. Even when final tax rates decreased due to legislative adjustments, the discrepancy itself led many voters to doubt the validity of the information provided during the budget process. Many voters hear the initial projections of what their tax rates will increase from the December 1 letter, and believe it to be factual and firm, versus an estimate at a particular point in time. It is difficult to convince them otherwise.

We are concerned that similar conditions may be emerging again. This year, the December 1 letter identified a property yield of $8,849. Early legislative proposals increased that figure to $9,170, and the current draft reflects $9,395. These fluctuations represent meaningful changes for districts and taxpayers, and they create challenges for maintaining transparency and credibility with voters.

We recognize that some adjustment to the yield is expected as updated data becomes available. For example, this year's initial estimates reflected approximately a 6 percent increase in education spending, while preliminary January data suggested growth closer to 4 percent. That type of adjustment is understandable within the framework of the formula.

However, additional increases to the yield that are not tied directly to underlying spending trends—but instead reflect policy decisions such as the use of one-time funds to offset tax rates—raise important concerns. While such measures may provide short-term relief, they introduce longer-term instability. Using one-time revenues to support ongoing expenditures creates a structural imbalance that must be addressed in future years, often resulting in steeper increases or difficult budget decisions.

School districts face similar challenges. In some cases, districts may use surplus funds to temporarily reduce their draw on the Education Fund, but this is typically done with the understanding that structural adjustments must follow. If those adjustments are not achieved, the underlying issue persists and becomes more difficult to manage in subsequent budget cycles.

The property yield is a critical component of Vermont's education finance system. It is intended to function as a stable and predictable mechanism that supports thoughtful local decision-making and maintains taxpayer confidence. When the yield becomes highly variable or is used in ways that appear disconnected from its original purpose, it can undermine both of those goals.

We are also concerned about provisions within H.949 that incorporate elements of S.220, particularly the reduction of the excess spending threshold from 118 percent to 112 percent of the statewide average per pupil spending. While this approach differs from a strict spending cap, it is likely to produce similar behavioral responses from districts. In practice, districts will work to remain below the threshold, often by reducing staffing or limiting educational programming.

This dynamic does not address the underlying drivers of cost increases. Instead, it risks expanding existing inequities between districts—those already well below the threshold, those near it, and those significantly above it. Ultimately, the impact is felt most directly by students, through reduced opportunities and potential declines in educational quality. We do appreciate certain aspects of this approach. In particular, we support the continued use of a threshold rather than a hard cap, and we agree with the provision excluding voter-approved debt service from excess spending calculations. These elements reflect an understanding of the need for flexibility and local control.

In closing, we urge the Legislature to carefully consider the long-term implications of yield volatility and the use of one-time funds in the education finance system. Stability, transparency, and sustainability are essential to maintaining public trust and supporting effective local governance. We also encourage continued focus on addressing the root causes of rising education costs, rather than relying primarily on mechanisms that constrain spending without resolving underlying pressures.

Thank you for your time and consideration. I would be happy to answer any questions.