



To: House Ways & Means Committee

From: Vermont School Boards Association, Vermont Superintendents Association, Vermont Principals' Association, and Vermont Association of School Business Officials

Date: May 6, 2026

Re: H.949 – Yield Bill

On behalf of the Vermont School Boards Association, the Vermont Superintendents Association, the Vermont Principals' Association, and the Vermont Association of School Business Officials, we write to express concerns we have regarding the current version of H.949 and present some thoughts for your consideration.

1. Use of One-Time Funds to Buy Down the Tax Rate

We remain deeply concerned about the continued reliance on property tax buydowns. Although this approach provides short-term relief, it does not support a sustainable foundation upon which school districts can develop financial forecasts. Districts do not build their budgets and voters do not vote on those budgets based on a buydown yield. Instead, the buydown creates ongoing structural mismatches that make each subsequent budget cycle more difficult.

- We recommend ending the practice of using one-time funds for property tax buydowns.
- We suggest redirecting at least a portion of these funds toward long-term cost drivers, such as toward school construction aid to support regionalization and efficient use of facilities

2. Excess Spending Penalty – Reduction to 112%

We are also concerned with the proposed lowering of the threshold from 118% to 112% in a single year. Such a significant reduction on such an accelerated timeline will have harmful consequences. This would also create inequitable impacts, including:

- **Tuition-Dependent Districts:** Some districts have limited flexibility because a significant portion of their spending is tied to tuition. These districts have very few levers available that they can use to adjust budgets, and their only means to avoid an excess spending penalty will be to reduce core programming to their elementary grades.

- **PreK Expansion:** The state continues to emphasize PreK as a critical investment for quality and equity, yet districts expanding PreK may be penalized for doing so under this proposal. One district reported that expanding a clearly needed PreK program would trigger the excess spending penalty. Canceling such needed expansions is a direct misalignment of policy and priorities.

We urge the Legislature to:

- Implement a gradual shift of the excess spending penalty aligned with the foundation formula timeline, coupled with a graduated spending floor, and
- Address structural issues alongside any penalty, including:
 - Restrictions or guardrails on tuition to support elementary budgets, in partially non-operating districts;
 - Exclude PreK spending from the excess spending calculation;
 - Correct [known issues with weights based on existing research](#) ;
 - Ensure equitable treatment of capital construction across districts; and,
 - Hold districts harmless for increases in health insurance premiums above an appropriate inflationary index.