

Vermont Principals' Association
Supporting Leaders & Learners

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To: House Ways & Means
From: Jay Nichols, Vermont Principals' Association
Subject: Draft 1.1 Education Finance Proposal

For the record, Jay Nichols, Executive Director of the Vermont Principals' Association.

From the VPA's perspective, the concept of a Foundation Formula is something we can certainly work with. However, as I have mentioned previously, the details really matter. All of the X.X that are included in the draft that I read need to be filled in with real numbers to know if the calculation is manageable or not. And, that would need to be determined at the local school district level as they look at their current education spending and compare that to what resources they would have in a future state. As you all know, modeling will be really important. I'm a firm believer in starting where we are at and then building a model that will hopefully slow the growth of educational spending. In my research on Foundation Formulas, which I admit is not sophisticated, I know of no state that has put in a new foundation formula and started with reducing the amount of money into the system. They usually ADD funds to education spending. It is important to acknowledge that Less is not more. Less is less.

I was known as a frugal superintendent ... I think the word used was "cheap". Every year I've been at the VPA our Executive Council has given staff, including myself, bigger raises than I've suggested, overriding my objections. So it pains me some to say this but ... I think we need to make sure that we hold many of our higher spending districts harmless in these calculations, again meeting them where they are especially in cases in which they are already operating at appropriate scale; and, their cost is directly attributable to employee compensation and benefits. Places that are spending too much because they are not at scale and there is a way to get to a reasonable scale through governance changes and boundary adjustments are different. Some places are lower spending simply because they actually don't pay employees well enough to keep them and don't offer as many opportunities for their students as they should. So when you are developing the actual numbers, this needs to be taken into consideration. Doing no harm should be the first order of business and we certainly do not want to punish districts that are already operating at scale.

A few comments about the proposal (which I read late last night in full disclosure):

- I do not know a great deal about the National Income and Products Accounts (NIPA) index. What I have heard is that it most accurately measures the economic activity of the country. I'm not sure if that is a good thing or not, or if we should be more localized by using something like the New England Consumer Price Index; I'm sure you have already had these conversations and defer to the economic experts. The fact that you have put in an annual inflator and it appears that the plan is to put this into law is appreciated and fundamental to any potential success of a foundation formula.
- It looks like you have put ranges in and removed the cliffs including the \$47,000 circuit breaker concept and the \$90,000 household income cliff by coming up with a more gradual system. I think that will help a lot of lower income and medium income working class households. Thank you for that. I have no idea if the numbers are the right ones but the concept absolutely is fantastic and I believe absolutely warranted and long overdue.
- We believe that the numbers in terms of pupil weighting that were developed through empirical data by the team partly led by Dr. Tammy Kolbe are a good place to start as far as weights above the Base Education Amount and in the actual setting of the Base Education Amount. We want to make absolutely sure that schools that have students that are more costly to educate have the resources necessary.
- As a state, I think we need to differentiate whether we want to provide additional financial support to small schools that are small by necessity versus small by choice. If we are talking about appropriate scale, our policy needs to reflect what we believe that to be. And scale from my perspective is different depending on the grade levels a school serves amongst other factors such as its proximity to another school and whether there is room for consolidation when current class sizes are too small.
- I think I support the Excess Spending Reserve fund concept although I'd like to understand it better – eventually having these funds if leftover going into a construction aid support fund is something I support unequivocally. We need to find funding sources for our school construction needs in Vermont. If we are ever going to get to the scale we need to really support high quality opportunities for all students – school construction has to be part of the equation.
- It looks like with this plan we would be moving away from the concept of only two major classifications of property as relates to education taxes: Homestead and Nonhomestead; to a more nuanced model that would hopefully better protect individuals living in Vermont full time vs. second home owners and others that are likely in a better position to pay a higher rate of education related property tax than the average working Vermonter; we fully support that direction.

Finally, a special thanks to you Ways & Means Committee members. The work you had to do last year and the work you are doing this year and into the future is very difficult and the Vermont Principals' Association appreciates your great effort.

Respectfully Submitted,

Jay Nichols