



**To: Vermont House Committee on Ways and Means**  
**From: Heather Bushey, VASBO President**  
**Date: February 6, 2025**  
**RE: Education Funding System Considerations**

Thank you for this opportunity to provide testimony on the education funding system elements that are contained within the Governor's Education Transformation Proposal.

Like you, VASBO is working through the limited details of the Governor's proposal that were released last week. We look forward to reviewing the formally proposed legislation language once it is issued.

VASBO acknowledges the potential benefits of district consolidation and supports exploring options to improve educational opportunities for all students. We believe that any decision regarding the optimal number of districts and their governance should be data-driven, factoring in educational quality, efficiency, student population density, transportation logistics, economies of scale, and community impact. VASBO fully supports the reconfiguration of supervisory unions into unified school districts, as supervisory unions have proven to be complex, inefficient, and impose unnecessary administrative burdens.

VASBO is open to exploring alternative funding models that ensure equitable and adequate resources for all Vermont students. While we understand the Governor's proposed foundation formula is a key component to his plan, we require further details to fully assess its potential impact. We are particularly concerned that implementing a new funding mechanism without addressing underlying cost drivers could inadvertently harm students. About 80% of operating district funds are spent on salaries and benefits. With health insurance costs increasing 16.4% in FY25 and another 11.9% in FY26, we must address this critical issue if we want to reduce education spending in Vermont. In addition, we know that Vermont schools are in need of costly facility infrastructure replacement. The facility needs within the State must be addressed by the Administration for any education funding reform to be successful.

We look forward to receiving a comprehensive explanation and financial model of the Governor's foundation formula impact. We are interested to understand how the Administration's proposal will address the following critical questions:

- How will we transition to a foundation formula? Will there be a hold harmless provision included in the plan?
- How will the foundation amount be adjusted in the future so that it can deliver ample resources over time regardless of economic shifts?
- Will districts be allowed to spend over the foundation amount? If so, how will equity be ensured so that we are complying with the Brigham decision?
- What will budget votes look like in communities under the foundation formula model?

The transitions associated with Act 127, the last-minute fix of Act 84, and the resulting chaos surrounding last spring's school budget votes taught us the importance of thoughtful implementation. VASBO strongly urges that any changes to operational procedures include sufficient lead time and we should require robust financial modeling that involves partnership with District leaders to avoid unintended consequences.

Finally, we appreciate the Governor's efforts to alleviate funding pressures this year, which provide an opportunity to explore systemic changes to education funding. However, we caution that shifting funds from the General Fund to reduce property taxes may be counterproductive if it leads to cuts in other vital programs, particularly universal school meals and mental health services. Such reductions could exacerbate the challenges that schools and students are already facing on a daily basis.

Thank you for the opportunity to speak with you today and I welcome any questions that you may have.