

To: House Ways and Means and Education Committees
From: Nicole Mace
Re: Education Finance Considerations
Date: February 6, 2025

Good morning, my name is Nicole Mace. I am testifying today in my capacity as a school board member and VSBA representative to the Commission on the Future of Public Education, though I am not representing either entity in this testimony. Other roles I have held relevant to this topic include serving as the General Counsel and Executive Director for the VSBA during Act 46 and Act 173 implementation, serving as the Director of Finance and Operations at the Winooski School District during a large capital project and COVID, and now as a school board member during the implementation of Act 127.

Based on this experience, I offer the following considerations as you embark on an effort to design a new education finance system for Vermont.

Be mindful of the complexity of the system and the interconnectedness of finance, governance, and delivery. The Commission's first report highlights this complexity and emphasizes the need to be clear about the intersection of these three policy areas. Changing the education funding system alone will not lead to lower costs for Vermont taxpayers. But changing governance and finance at the same time significantly increases the complexity of the task. The legislature should map out exactly how the two components of this reform work together and will be implemented in order to mitigate any unintended consequences. Which will come first? How will the Agency be staffed to support the field? Will consultants be available to districts to support implementation (like Act 46)?

Understand what guardrails need to be in place to preserve equity. The Commission has received some of the same presentations you have related to a foundation formula; it appears to be a direction under serious consideration. As a school board member from a district that has a very unique population of students, and whose tax capacity increased accordingly under Act 127, it is critical that the gains made for high need districts not be eroded by changes to the funding system. Assuming that funding changes will also come in the context of governance reform, how would a base/foundation amount be calculated if Winooski is combined with neighboring districts? Would all students be treated the same? How would we ensure additional funding is actually going to multilingual learners in this context? How would decisions about whether to spend more than the foundation amount work? How would small communities with small voter populations be protected against being overruled by voters in the larger district?

Preserve community connection to public education. Vermonters care deeply about their public schools and students and families have strong connections to the community that is built around their school. If communities feel that decisions about funding, curriculum, and programs are being made without regard for their priorities, assets, and needs, support for our public

schools will erode. It is important that through the process of reform, communities feel they have a voice and a stake in a reimagined public education system.

Find the balance between local and state decision-making and stay the course. Act 46 was structured to provide for local voice in the design of new districts through the Articles of Agreement. Many if not most Articles include provisions designed to make it very difficult to close schools. Larger governance structures in and of themselves will not save money. They can ensure equitable access to opportunities across small schools within a larger district, and we have seen progress there. On the Commission we have heard calls to study Act 46 savings before discussing governance. However, it is questionable whether that would be possible given the restrictions on school closures in Articles of Agreement as well as the timing of full implementation and COVID. Communities subjected to forced mergers under the law sued to block implementation. The Vermont Supreme Court didn't rule on the constitutionality of Act 46 until July of 2020. Post-ruling some communities shifted their focus to decoupling mergers. And the Governor and Legislature allowed them to do it. This sent a confusing message to the field - did you mean it when you said we needed to merge and achieve the outcomes of Act 46? To many, the answer appeared to be no.

As a former administrator in a relatively small district with a high needs population I have seen first hand the incredible work our public schools do every day. I've also witnessed a strong institutional bias towards adding staff and resources to meet the growing needs of students. There **are** opportunities within our schools to more effectively manage resources or repurpose them towards proven instructional strategies, which would better serve students more cost-effectively.

The problem is, the incentives are all on the side of adding or maintaining staff and programs. Parents and advocates make a compelling case for doing more to meet unmet needs. The legislature adds new program requirements on an annual basis. Administrators and boards often face fierce backlash from students, staff and community members when reductions in force are proposed. We have all seen what happens to school boards and communities when a contract is imposed. Or when a decision is made to eliminate a popular service or program from a budget. Or to close a school. All the hard decisions are left to local communities, with very little support or backup from the state when the stuff hits the fan.

These are the very real dynamics that will have to be sorted through as part of your work. I appreciate the opportunity to share my perspective today. I am hopeful the Commission can serve as a place for ongoing review and engagement in the effort to improve the way we fund and deliver public education in Vermont. Thank you.