

Vermont Principals' Association
Supporting Leaders & Learners

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To: Senate Committee on Finance

From: Jay Nichols, Executive Director, Vermont Principals' Association

Date: 4/22/25

Subject: H.454 as passed by the Vermont House of Representatives.

For the record, Jay Nichols, Executive Director of the Vermont Principals' Association. I am also an appointee on the Commission for the Future of Public Education. I have been a principal in both supervisory school districts and supervisory unions and I have been the superintendent in supervisory unions and in supervisory districts.

My comments for this committee are around education spending and education finance, as I believe these issues are most germane for the committee on finance. My comments are related directly to H.454 as passed in the House and related considerations.

Obviously, the aspect of this bill that probably is on most people's minds is the Foundation Formula (Education Opportunity Payment). The foundation formula has many advantages especially in terms of making it clear to school districts what they will have for spending dependent on the make-up of their student population. However, it is important to make two points very clear:

1. Foundation formulas typically do not cut educational spending in the short term; the only way to do that is to cut staff and programs for kids. That is why almost all states who begin a foundation formula start where they are at in terms of education spending and actually infuse cash into the system to help with the transition. This assures that schools, programs, and ultimately children don't get hurt during the implementation process.
2. Some states put in a foundation formula but the General Assembly doesn't appropriately fund the new system over time. This leads to an increased gap between the haves and the have nots. So it is important to make sure an appropriate inflationary index is prescribed in law. I know this is something the House Ways & Means committee looked at very seriously and I hope you will do the same.

We supported H.454 in large part although there are areas of the bill that we would not support on their own. However, looking at the bill with a comprehensive and student-centered view, we

feel it is the best proposal or concept we have seen or heard about thus far. Here are some of the reasons we support the financial approach laid out in H.454:

- This plan puts in a foundation formula that will have an inflation index and the formula will be reviewed regularly to ensure it is meeting the educational spending level necessary to provide for a high quality education system
- The plan provides the same amount of funding based on student enrollment for Independent and Public schools – this is especially important at the high school level as small tuitioning towns will no longer have to automatically cut elementary programming to pay tuition rates that they have no say over
- Class size minimum standards become law with appropriate exceptions and the possibility for waivers as necessary (this is critically important because any funding system that looks to bend the cost curve without hurting children has to acknowledge that the fundamental cost driver, we are dealing with that school districts have some control over, is staff to student and teacher to student ratios).
- The plan is gradual and allows systems to make changes as they right size to a future state with less school districts and in many places larger schools
- The plan addresses the importance of construction needs for school facilities in cases in which school districts need to merge schools and simply don't have the space or building infrastructure to do so without state funding support
- The plan provides support for small schools and sparse school districts that are small because of necessity – not small because of choice. Given that we have a statewide education taxing and spending system and that it is the General Assembly and all taxpayers responsibility to fund education, it is important to make sure that we are not inadvertently encouraging, through financial support systems that chose to be small, given that in general the smaller a school district the less opportunities for students at least until we get to the scale size of around 4000 students.

And below I have embedded a simple little chart that describes the main pros and cons of foundation systems.

Respectfully Submitted,

Jay Nichols

Foundation Formula

PROS



Ensures a minimum funding level for all districts



Provides a consistent and transparent funding mechanism



Allows local districts to raise additional funds above the foundation



Can include adjustments for student needs

CONS



May still underfund high-need districts



Doesn't automatically adjust for rapid changes



Wealthier districts can still outspend poorer ones



May not account for regional cost differences