

Review of Amended H.454

Senate Finance Committee

April 18, 2025

Agenda

Preliminary Review. Deeper analysis will be provided after coordinating with JFO on the underlying modeling.

- Identify areas of consensus (in principle, not necessarily detail)
- Clarifications/corrections regarding the Governor's Proposal
- Highlight differences in assumptions and objectives
- Suggest path forward to reach compromise
- Propose a rubric and approach for review & refinement

Areas of Consensus

- Move to an **evidence-based foundation formula** that is focused on supporting high quality education and equity
- **Student focused/student-based funding** to direct additional dollars to students with additional needs
- Connect spending with **research and analysis of outcomes** (different analysis)
- Move toward **larger districts** to achieve scale, increase student opportunities and promote equity
- Recognition that the foundation funding formula is **interconnected with governance** decisions (specifically district size)
- **Standardize education quality measures**, including statewide graduation requirements and class size (different minimums)
- Defining schools that are **small by necessity**
- **Multi-year transition**, accounting for current spending, though the timeline varies significantly

Clarification on Governor's Proposal

- Does not equate weights and tax capacity. Compares overall spending per pupil as a point of reference and based on research.
- Represents an *adjusted* evidence-based model to fit the Vermont context. The adjustments have been informed by professional judgement panels in other states, priorities expressed in Vermont law (including an analysis of unfunded mandates) and based on input from teachers and education leaders from the Listen and Learn Tour.
- National comparisons account for differences in state funding for the base amount and weights

Clarification on Governor's Proposal - continued

- Timeline includes a bridge year, based on current spending, before transitioning to the foundation formula
- Accounts for preschool and career and technical education
- Identifies policy objectives, regarding education quality, and comparison to national standards.
- Does not set a minimum enrollment for elementary schools.
 - 450 elementary enrollment represents a point of efficiency not a requirement
 - Proposal does not require school closure. Small schools that meet financial and education quality expectations would not expect to see changes, supporting Vermont's preference for small elementary schools.

Governor Scott's Education Transformation Timeline

FY 26- Informational year

FY 27- State block grant (based on FY 26) + required delivery changes

FY 28- Foundation formula + governance change

FY 29 & beyond- Moving to scale

Differences in Assumptions & Objectives: Focus of Further Review

- Assumptions underlying base funding, including efficiencies, scale, and educational opportunities
- Assumptions around CTE, preschool, special education, and transportation
- Timeline, particularly regarding bridge funding and new districts
- Process of determining larger districts
- Policy objectives
- Timing of school construction aid and determination of schools that are small by necessity
- Urgency for stabilization and ensuring equitable educational opportunities for students

Consensus Building Approach

- Establish shared goals
- Evaluate options based on shared goals
- Engage subject matter experts to inform policy decisions related to pre-Kindergarten, CTE, and special education
- Refine modeling based on potential adjustments to funding, governance, and quality expectations
- Build consensus on proposal, including implementation timeline

Proposed Rubric – Initial Considerations

- Education Quality
 - Increase average teacher salaries/Achieve teacher pay parity
 - Expand prekindergarten access
 - Expand college and career opportunities, starting in middle school
 - Increase equity of educational opportunities for students, including allied arts, advanced coursework, etc.
 - Increase access to specialized resources, including mental health, behavior management, etc.

Proposed Rubric – Initial Considerations

- Funding
 - Transparency, predictability, and sustainability
 - Mitigate fiscal cliff to districts (bridge funding)
 - Urgency to stabilize system
 - Promote clarity of expectations and clear guardrails to help schools budget now in anticipation of the future state
- Timeline
 - Urgency to form new districts
 - Difficulty addressing scale without creating more opportunities for shared service delivery
 - Support to the field to minimize disruption and uncertainty
 - Crisis management given state financial challenges and uncertain federal context