

TO: Senate Committee on Finance
FROM: Jeff Fannon, Executive Director
DATE: January 14, 2026
RE: S.220

Thank you for giving Vermont-NEA the opportunity to speak about S.220, which would impose on schools an artificial capitated spending limit without allowing schools the ability to spend above the set amount even if there was a crisis that demanded attention. We believe this cap, like the several that have come before it and that were later repealed just as quickly, should be rejected.

The state attempted to impose caps on school spending in 2022 via section 7 of Act 127, and that cap was repealed then next January by Act 84. Prior to that, sections 37 and 38 of Act 46 of 2015 imposed spending caps for FY17 and 18 only that were later repealed in January of 2016. I mention these previous efforts to artificially cap spending to remind us all that arbitrary spending caps that are imposed on local schools have arbitrary consequences for schools, students, and communities.

Additionally, even as S.220 is drafted, it may have harmful effects on lower spending communities that could violate the *Brigham* decision. Already we have a problem with the amount differential that some schools spend on students, and a cap, even if it allows for some greater spending for lower schools, as did the previous attempts to impose artificial spending limits, very likely will increase the divide between high and low spending schools. Schools and communities are rule followers, and a number, whether it is a higher or lower number, will become the target number with some asserting they must keep spending low to lower their taxes. In theory this sounds rational; however, what we have learned in recent years and even more so this year, is that school spending and taxes are no longer connected. By example, my members report recent discussions with school board members that make clear that any spending cap will not have what I believe is the desired effect, lower property taxes:

- ed spending growth of 3% (White River Valley SU) and a prop tax increase of 26%
- ed spending growth of 5% (Orange East SU/Blue Mtn) and a prop tax increase of 30%
- ed spending growth of 2% (Montpelier/Roxbury SD) and a prop tax increase of 12%

There are many reasons there no longer is a connection between spending and property taxes, which previously was the case, but as we have added complexity to the education funding system, it has become broken. Additionally, I have heard for well over a year that the numbers that schools receive from the AOE with which schools build their budgets are inaccurate, which further sows distrust of the education funding system. A spending cap, therefore, will only further exacerbate the overly complex system and will not lower property taxes, and I dare say might increase property taxes in some communities.

I believe the solution that you are looking for is lower property taxes for Vermont residents, and Vermont-NEA remains firm in its belief that you should **abolish the residential property tax and move to the income tax to fund our schools**. We have said this repeatedly over recent years, and the above examples make this change the right thing to do for schools and taxpayers.