



To: House Speaker Jill Krowinski
Chair Emilie Kornheiser and Members of the House Ways and Means Committee
Chair Peter Conlon and Members of the House Education Committee

From: Vermont School Boards Association - Flor Diaz Smith, President; Sue Ceglowski, Exec. Director
Vermont Superintendents Association - Amy Minor, President; Jeff Francis, Exec. Director
Vermont Principals Association - Rebecca Fillion, President; Jay Nichols, Exec. Director
Vermont Association of School Business Officials - Morgan Daybell, President

Re: Comments on the Draft Yield Bill and Education Costs and Funding

Date: April 15, 2024

From the outset of this legislative session, our Associations have provided substantive testimony in an effort to illuminate the core cost drivers impacting public education. Those cost drivers include rising mental health needs of students, inefficient governance structures, collectively bargained wages and benefits that outpace the cost of inflation, a parallel education delivery system that relies on private schools charging tuition without guardrails, and large-scale programs or legislative experiments pushed into the Education Fund without a dedicated funding source. These cost drivers are coupled with the reality of declining enrollment and years of deferred maintenance.

In our view, changing the funding formula will do nothing to affect these root causes. Neither will ballot language or a study group. On the contrary, those policies stand to make matters worse—worse in terms of equity, which Vermont's constitution requires, worse in terms of transparency, and worse in terms of the ability of the public school system and the hardworking educators dedicated to its success—to navigate the difficult decisions required to bend the cost curve.

If the General Assembly is committed to addressing the root causes of the cost of education and wants to respond to the Governor's call to slow the growth of education spending, then responsible structural reform is needed. The General Assembly should not put the cart before the horse and move to change the funding formula unless and until serious work is undertaken to genuinely acknowledge and respond to the factors driving the cost of education.

Our Associations recommend that the House of Representatives set aside its quest to adjust the education funding system and instead focus on making the tough decisions that hold actual promise for addressing the cost of our education system. Here are some examples:

- **Statewide Teachers Contract & Calendar** - The legislature should expand statewide bargaining of health insurance to include total compensation, work day, calendar, and

professional development provisions. Compensation and benefits could be differentiated based on a regional cost of living index. This would both provide a better opportunity for the state to manage the largest education cost center (wages and benefits for personnel constitute roughly 75-80% of school district budgets) while at the same time addressing substantial inequities in teacher pay, which make it difficult for rural school districts to attract and retain staff. Statewide contract negotiations could also address class sizes and establish a statewide early retirement incentive. This approach may be more expensive initially but provides state level control and eliminates associations using it as a leverage point for salary increases by comparing their salaries with other districts as part of the collective bargaining process.

- **Billing for Mental Health Services** - The state should establish a mechanism for school districts to bill the state directly for the costs of delivering qualifying mental health services in schools. To the extent that services are Medicaid eligible, then the state should support school districts in recovering all eligible funds from Medicaid. The state must also act deliberately to restore the capacity of designated agencies because it is due to their inadequate capacity that responsibility has shifted to school districts.
- **Streamlined Processes to Achieve More Efficient District Organization and Governance** - The legislature should establish a responsible and well-defined process and criteria for district school boards to directly petition the Governor to amend their governance structure in order to merge districts or to close schools. Post Act-46 there are opportunities to achieve more streamlined and effective governance or optimize space within public schools, but vigorous local opposition to school board plans stymies progress. School boards should be able to petition the Governor and his Administration to approve district mergers or school closures if they determine that doing so would be a more effective and efficient use of education resources and provide increased educational opportunities. Final decisions, after a petition and statutorily prescribed process, would rest with the Governor.
- **Private School Tuition Guardrails** - The legislature should prohibit school districts from paying tuition to private schools if the tuition rate increase exceeds the New England Economic Project Cumulative Price increase, and tuition payments should not be authorized if the school district's budget does not pass. The legislature should also restrict public dollars from paying tuition to out-of-state private schools. It should require a district that closes a school to designate three public schools rather than expand the number of districts paying tuition to private entities. Our per-pupil funding system is more cost-effective if we use the capacity within our public schools rather than provide education payments to private entities. Every time we send money away from the public school system, the cost of education in Vermont increases needlessly.
- **Eliminate State Initiatives from the Education Fund** - The legislature should eliminate all state initiatives from the Education Fund unless they come with a dedicated funding source that ensures property taxes are not paying for the program. There should be a prohibition on new state initiatives that would rely on property taxes. The irony of policy mechanisms denoting "excess spending" when the general assembly itself adds to "excess spending" on a statewide basis is obvious to the field.

Each one of these proposals contemplates more structural change than has been proposed by the Governor or General Assembly, which to this point have not offered any detailed or substantive proposals at all. As we noted in our testimony last week, policy levers in the current yield bill make

approving local school district budgets much harder and do nothing to address the rising cost of education. This is especially the case when some legislators and the Administration are predisposed to protecting nearly all education-related costs, except for public education itself.

Due to the compressed timeline and rapid pace of developments in the legislature, we have been unable to vet these concepts with our memberships. However, when you look at the problem statements that have been collectively identified this session, these solutions are far more aligned with the problems we all claim we want to solve than the proposals being put forth by either the Governor or the General Assembly.

From our vantage point, efforts to address the factors contributing to rising education costs in Vermont are being dominated by political motivations, when the emphasis should be on understanding cost drivers and responding to them with sound and sensible policy changes that keep taxpayers and students at the center.

Thank you.

cc: All House Members