

Education Policy and the 2018 Legislative Session

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Webinar Basics

- **Presentation via PowerPoint slides**
- **Question box**
- **Participant polls**
- **Evaluation at the end**
- **E-mail to each participant with summary information, video, and PowerPoint slides**

Agenda

- **Overview of the 2018 Political Environment**
- **Governor Scott's Education Proposals**
- **Legislative Committee Priorities to Date**
- **VSBA Resolutions**
- **School Boards as Advocates in 2018**

2018 Political Environment

- Divide Between the Governor and Legislative Leadership on Education Issues Lingers; Election Year
- Pressure to Address FY 19 Property Tax Rates
- Multitude of Special Interests Proposing Policies Impacting Education
- Impacts of Federal Policy and Politics

December 1 Tax Commissioner's Letter

- Predicts a 9.4 cent increase in the average homestead tax rate and the non-residential rate
 - Relies on a prediction of 3.52% increase in **total education spending** statewide
- Refers to Governor's November letter "urging districts to limit their growth in per pupil spending to 2.5 percent"
- States that if no district exceeds the 2.5%/pupil target, the average increase in property taxes could be 3 cents lower
- Fails to acknowledge substantial reliance on one-time funds as a source of the rate increase

Understanding the Statewide Picture – What is Your District's Per-Pupil Increase?

POLL

Understanding the Statewide Picture – What is Your District’s Pupil Increase?

POLL

Governor Scott's Education Proposals

Governor's 2018 Budget Address

- Limits overall state spending growth to economic growth – 2.36%
- Allocates funding for school-based dental health programs, universal home visits for babies and mothers, and additional supports for children impacted by the opioid epidemic
- Increases funds to early education, career & technical education and higher education
- States that after two decades under Act 60 & *Brigham*, Vermont's educational opportunities, outcomes and funding are still unequal

Governor's 2018 Budget Address

“It’s time to accept reality. Due to the steady decrease in student population, the current funding mechanism is weakening the very system it was meant to strengthen. With only 76,000 students in an education infrastructure built for well over 100,000, inefficiency prevents us from investing more in educational programs for our kids even as taxes skyrocket...It’s why the Legislature passed Act 46, which – through difficult discussions – has positioned many districts to take the next essential steps. But we must accelerate this work.”

Governor's 2018 Budget Address

"Our goal should be to reach an agreement this session that meets the following objectives:

1. We must contain costs to **eliminate the current deficit** and achieve savings that will expand over time and prevent costs from growing faster than wages.
2. We must establish a **statewide funding system** that is fully transparent, easily understood and truly equitable for every child.
3. We need to provide districts the flexibility, tools and incentives they need to **make sure consolidations improve outcomes for children and save money.**
4. And finally, working with school boards, superintendents and unions, we should chart a course that **steadily moves us from an average of 1 adult for every 4 students to having 1 adult for every 5 students**, over the next 5 years – using the natural retirement and attrition of the current workforce."

Governor Scott's 2018 Cost Containment Ideas

- *Freeze special education rates for independent schools at 2017 rates (\$1.5 M)*
- *Increase IEP extraordinary reimbursement threshold from \$50K to \$77K – this is the threshold where the state covers special education costs at 90% rather than 60% (\$1.5 M)*
- *Establish cost-sharing arrangements for school employee health insurance in statute (\$3 M)*
- *Achieve a statewide student-staff ratio of 1-4.45 through attrition – current ratios are 1-4.25 (\$30 M)*

Governor Scott's 2018 Education Funding Reform Ideas

- *Set yields and nonresidential rates to raise \$17K per equalized pupil* – districts who spend more per pupil would be required to raise the difference on their local homestead grand list (\$20 M)
- *Cap statewide property tax rates at 2.5% per equalized pupil* – cap the revenues raised through the current formula to 2.5% of FY18 per pupil expenditures; additional revenue raised as above (\$26 M)
- *Implement a variable growth cap on per equalized pupil spending* – similar to the allowable growth rate of 2015 (\$37 M)

Governor Scott's 2018 Education Funding Reform Ideas

- *Freeze income sensitivity adjustment at FY18 levels or modify eligibility for the program – (\$7-10 M)*
- *Make changes to the current use program (\$1.5 M)*
- *Incrementally fill the Education Fund Reserve to 5% over 3 yrs (\$6 M)*
- *Remove all exemptions from the excess spending threshold (\$1 M)*
- *Reduce excess spending threshold from 121-115% - (\$3.2 M)*

Governor Scott's Five-Year Initiatives

- *Create a school consolidation commission* – the commission would analyze the viability of schools with “extremely low student populations and student-teacher ratios.” If deemed non-viable, the commission will consolidate schools in the same or adjacent district.
- *Collaborate with SU/SDs to develop five-year attrition plans*
- *Evaluate current licensing requirements* – to determine whether these regulations are leading to low ratios

Governor Scott's Five-Year Initiatives

- *Move to census-based funding model for special education* – UVM study recommends moving to this model to provide better services at lower cost, but must be implemented over 5 years
- *Enact a two-vote structure for districts with ratios below 1-5* – first budget vote would be on a budget that supports the target ratio, and the second vote on the actual budget supporting the lower ratio.

Questions?

Legislative Committee Priorities to Date

House Ways & Means Committee

- Changes to the education funding formula:
 - Moving to income tax-based system
 - Change the way homestead rates are calculated
 - Modify homestead exemptions
 - Modify/eliminate income sensitivity provisions
- Committee has taken a lot of testimony on legislators' ideas; will likely shift now to testimony on the Governor's proposals
- Chair Ancel signaled two bills – one that changes the education funding system in future years, and one that sets yields/rates after TMD

House Education Committee

- Special Education Funding & Delivery – two studies indicate that Vermont should adjust the way we pay for special education and deliver instruction to struggling learners; draft bill expected later this week
- Prekindergarten (Act 166) Changes – the administration recommended moving to a single-agency oversight system with simplifications to the regulatory process; Committee is expected to review a draft bill later this week

Senate Education Committee

- Allowing students attending religious schools to access dual enrollment vouchers
- Eliminating the right to strike/impose – Committee is not supportive of this change
- Ensuring access to independent schools for students with disabilities - Rule 2200 study committee unable to deliver recommendations; it's now with the Committee to evaluate options
- Mandatory radon testing & mitigation policies
- Exploring income tax-based funding system

Questions?

VSBA Resolutions Applicable in 2018

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- **ADDRESSING EQUITY, QUALITY AND COST EFFECTIVENESS** - The VSBA supports initiatives that are designed to create greater equity in high quality learning opportunities and to achieve cost effectiveness. Such initiatives shall focus on the needs of the students and taxpayers of the state of Vermont. Any initiative that impacts our governance structure or funding system must be designed in a way that reflects our community values. School boards are in the best position to inform this process and must be fully engaged in this effort...

VSBA Resolutions Applicable in 2018

- **EQUALIZATION** - It is the duty of the State of Vermont to ensure fiscal equity for all school districts to allow equal educational opportunities for all students. Significant state expenditure is required to equalize the financial resources of districts and maintain the educational opportunities of students.
- **REFORM THE EDUCATION TAX SYSTEM** - The General Assembly should examine alternative funding sources for our education system that are more equitable and sustainable, rather than continue a system that predominantly relies on the property tax for revenue.

VSBA Resolutions Applicable in 2018

- **USE OF THE EDUCATION FUND** - The VSBA opposes any diversion of funds raised through the statewide property tax to programs not within the jurisdiction of public school districts or supervisory unions.
- **UNFUNDED MANDATES** - All new educational requirements or programs mandated by the federal government or the State of Vermont should be fully funded by either the federal or state government.

VSBA Resolutions Applicable in 2018

- **NO COST-CUTTING DOUBLE JEOPARDY** - avoid putting school districts under multiple cost-cutting strictures at the same time
- **SCHOOL DISTRICT INNOVATION ZONES** - authorize the creation of innovation zones to exempt supervisory unions and/or districts from specific regulation and policy.
- **BINDING INTEREST ARBITRATION** - The General Assembly should eliminate the right to strike and impose contracts by updating Vermont's collective bargaining process to be more in line with our New England neighbors. The new approach should not include mandatory binding arbitration

VSBA Resolutions Applicable in 2018

- **COST CONTAINMENT** - The VSBA offers the following recommendations to respond to concerns about costs while maintaining education quality:
 - *Statewide health insurance benefit for school employees*
 - *Create a task force to establish target equalized pupil/teacher/support staff ratio*
 - *Study of state-funded retirement buy-out that conditions rehires on achieving ratios*
 - *Establish standards for fact-finders in the collective bargaining process*
 - *Guidelines for reserve funds and budget surplus amounts*

School Boards as Advocates in 2018

School Boards as Advocates in 2018

- Governor Scott has stated he will not approve a budget or tax bill that raises statewide property taxes
- Legislators will evaluate the Governor's proposals as well as their own members' ideas
- School boards must share feedback on these ideas and at the same time advocate for changes in their own districts that respond to concerns
 - Staffing levels
 - Grade/building configurations

School Boards as Advocates in 2018

- Use time at your board meetings to describe specific actions being taken locally to respond to taxpayer concerns
- Share that information more broadly in your communities:
 - Front Porch Forum
 - Letter to the Editor
 - Presentations to community groups, including legislative breakfasts
 - Annual meeting budget presentations

VSBA Resources to Support Advocacy

- Regular legislative reports from the Vermont Education Legislative Collaborative
- VSBA Updates and Action Alerts
- Commentary and Testimony
- Connections with legislators and committees

Questions?

Contact Information

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