

# Education Legislative Report

January 11, 2016 – Issue #2

## ***The 2016 Session Begins***

The first week of the 2016 legislative session brought senators and representatives back to the State House to continue the work begun in the 2015 session. Both education committees focused on the impacts of the allowable growth rate (AGR). In House Education, the Joint Fiscal Office provided a more detailed educational fund outlook and a revised yield of \$9,870. For more information about the yield, see below.

On Wednesday, the Senate voted to suspend one of its members, a move unprecedented in state history. The Senate Judiciary committee began its consideration of marijuana legalization late in the week. Both Senate and House Appropriations committees heard from the administration on the proposed FY2016 budget adjustment.

On Thursday, Governor Shumlin delivered his final State of the State address. The Governor outlined the successes of his administration and urged the General Assembly to take action on a slate of issues: paid sick leave, divestment of ExxonMobil stock, increasing the number of social workers at DCF, opioid pill limits for minor procedures, and marijuana legalization. He called for lawmakers to pass either a moratorium or repeal of the allowable growth rate, and stressed that they do before school boards have to warn budgets for Town Meeting Day. The full text of Governor Shumlin's address can be found at this [link](#).

As the leaders of your membership associations, we encourage you to engage with your representatives and senators on issues of education policy. Here is a [link](#) to contact information for Legislators organized by supervisory union. If you have questions regarding the content of the *Report*, contact your Association's executive director or Emily Simmons, Director of Legal and Policy Services at VSBA and author of the *Report* at [esimmons@vtvsba.org](mailto:esimmons@vtvsba.org).

## ***Intense Focus on the Allowable Growth Rate in House Education***

The House Education Committee devoted the bulk of the first week to an evaluation of the allowable growth rate (AGR). The vast majority of testimony was in favor of either delay or repeal of the spending thresholds. Committee members have not yet indicated whether they support changes, but they agree that there are four options: doing nothing, repeal, a one year moratorium of the AGR, or adding .9% to district AGRs to cushion against the effects of a 7.9% increase in healthcare premiums.

House Education took testimony from several superintendents, [Ken Page](#) of the VPA, [Nicole Mace](#) of the VSBA, [Bob Mason](#) and [Cheryl Scarzello](#) of VASBO, [Allen Gilbert](#) of the ACLU and State Board member [Bill Mathis](#). These witnesses all urged the committee to repeal or delay the AGR, and each provided local

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examples of the negative impacts of the AGR. Several witnesses added their concerns that the AGR violates the constitutional mandate for equitable access to education dollars required by *Brigham*.

Witness statements documented instances of the AGR slowing momentum otherwise gained in providing high quality Pre-K programs, offering after school programs, increasing curriculum offerings and upgrading technology. Testimony established that the thresholds are having the adverse effect of freezing inequality in systems whereas the goal of Act 46 was to improve equity.

One example came from Winooski School District Superintendent Sean McMannon. Winooski is, and historically has been, in the bottom quarter of education spending per equalized pupil. Teachers in Winooski are the lowest paid in Chittenden County, but they serve the most diverse student population in the state (Winooski has the highest rate of students receiving free and reduced lunch and English language learners). Consequently, the school district suffers from high turnover in teaching positions. The school board sought to remedy staff turnover this year, until the spending thresholds translated into double tax on the needed salary increases. The AGR prevents systems like Winooski from closing the opportunity gap for its students, while allowing spending to grow in systems where spending has kept pace more closely with the statewide average.

The testimony made clear that the last-minute addition of the allowable growth meant that the General Assembly could not fully understand the provision's consequences.

Other testimony established that increasing AGR thresholds by .9% could only serve to exacerbate the inequities between districts. State Board member Bill Mathis compared the .9% option to "paving over bumpy road." He expressed that increasing an arbitrary threshold, while it would respond to healthcare increases, does nothing to correct the fundamental flaws in this policy.

### ***Senate Signals Favor for Repeal or Delay of the AGR***

Two bills in the Senate Education Committee propose to repeal the AGR. That committee will hear testimony from business managers and superintendents on Tuesday and Wednesday this week. Committee chair Ann Cummings told committee members to expect a vote on one of the bills calling for repeal on Wednesday. The full Senate would likely pass such a bill by the end of the week.

[S.158](#), a bill introduced by Senator Cummings offers three amendments to Act 46. First, it would delay benchmark dates in the act, including the date of the final statewide plan, by two years. Second, it would repeal the allowable growth rate. Finally, it would allow merger study committees to allocate debt and assets from a merging district to the town.

Senator Zuckerman introduced a second bill, [S.233](#), which would simply repeal the allowable growth rate. The committee will most likely choose S.233 as its vehicle for AGR repeal. Senate Pro Tempore John Campbell has expressed several times that he believes it is necessary to repeal the AGR as soon as possible to allow school boards to finalize their budgets in time to be printed for Town Meeting Day.

## **Revised Yield Presented to Education Committees**

In December, the tax commissioner released the base property and income tax rates and corresponding yields as required by Act 46. As a result of the \$9,955 yield recommended by the tax commissioner, districts could spend 4.19% more per equalized pupil and have the same equalized tax rate as in the current fiscal year. The yield projection will likely undergo adjustments before the final yield is announced.

The yield forecast by the Commissioner of Taxes was based upon the use of \$21 million in surplus funds (surplus created because special education spending was significantly less than projected in two prior year budgets), growth in the grand list, and projected education spending growth of less than 3% statewide.

Boards and administrators have developed FY 2017 budgets and projected tax rates using the \$9,955 yield, because that is the best information they have available to them during the budget development phase.

Last Tuesday, Mark Perrault of the Joint Fiscal Office presented the House Education committee with a revised dollar-equivalent yield. Tuesday's adjusted projection was \$9,870. The lower yield is due to factors which were not yet known when the Tax Commissioner issued the December 1<sup>st</sup> letter, including more recent projections of grand list growth, local budget forecasts, and the Governor's proposed FY2016 budget adjustment.

A higher dollar equivalent yield would result in lower property tax rates. This week, the House Education committee is expected to begin evaluating what effects the application of the \$21 million surplus might have on FY2017 and FY2018 tax rates. The General Assembly will set the final yield before adjournment, based on final local budgets, projected revenues and potential use of surplus funds.