

Vermont Association of School Business Officials (VASBO)
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Senate Education Committee Testimony - March 18, 2015

Dear Committee Members,

Thank you for the opportunity to provide input on H.361.

We apologize we are unable to meet with you in person and ask you to accept this written testimony. We would be available to meet with the committee in coming weeks if you have any questions. We are testifying today as representatives of VASBO and are not speaking on behalf of our respective supervisory unions, their member districts, board members or superintendents.

In regards to H.361, we offer the following:

Dollar Equivalent – Sec 2: While we are in favor of simplifying the tax rate calculation, there is great debate on how this will work and ultimately the outcomes it will provide. VASBO has not formulated a position on the dollar equivalent proposal and are not convinced it would significantly simplify the calculation; therefore, VASBO has not reached a consensus on this section.

Property Tax Rates and Base Education Amount – Sec 6 & 7: We support the proposed fiscal year 2016 (FY16) tax rates and base education amount as they represent the assumptions that were used in our budget preparations. If it is estimated that the rates could be slightly lower, we still recommend maintaining the stated rates and using any residual funds to offset what could be a significant base rate increase for FY17 to accommodate universal prekindergarten implementation costs.

Integrated Education Systems – Sec 17: Since 2010, VASBO has advocated for single, unified preK-12 school districts. We feel this governance structure would maintain or increase opportunities for students and result in significant cost savings. We are encouraged that H.361 would create such districts.

Tax Incentives – Sec 18: The tax incentives for Regional Education Districts seem to have helped generate interest and conversation regarding voluntary mergers. We are not sure of the effectiveness of the incentives, but are certainly not opposed to them. Assuming the incentives remain in place, we are in favor of using the same incentives for Integrated Education Systems.

Education Spending Cap – Sec 27: paragraphs (a) and (b): We want to make sure you, and all Legislators, are aware of our concerns in this area. While we understand the desire to set limits on spending, we are opposed to the language regarding an education spending cap for the following reasons:

1. Current Excess Spending Threshold – This cap is already in place and has been reduced each year since FY14. In FY15, the statutory multiplier was reduced from 125% to 123%.

In FY16, the anchor year was established as FY14 versus the most recent prior year. In FY17, the statutory multiplier will drop from 123% to 121%.

2. An Unfair Cap – H.361 proposes a two percent (2%) limit on education spending per equalized pupil. The same percentage limitation would be imposed regardless of whether you are a low-spending district or a high-spending district resulting in different real dollar limitations which would be more challenging to low-spending districts.
3. An Unrealistic Cap – The 2% limit is unrealistic for several reasons:
 - a. In FY17, districts will be faced with increased costs related to implementation of universal preschool and the potential requirement to pay 100% of dual enrollment costs.
 - b. The equalized pupil hold harmless language will decrease the number of pupils for several districts in FY17 which will dramatically increase their education spending per equalized pupil.
 - c. “Local revenues” are factored into education spending per equalized pupil. Most districts have been developing tighter budgets which results in less surplus to roll forward as revenue. This reduces local revenues and increases education spending per equalized pupil.
4. Loss of Local Control – This cap will, in essence, predetermine the budget for school districts.
5. Confusion over “deemed to have failed to pass” language – If a budget exceeds the 2% limit, do you still put it out to vote? Does it fail regardless of the outcome? If the budget exceeds the 2% limit do you simply say it failed and put another budget out as a re-vote? Can the re-vote budget exceed the 2% limit?
6. Borrowing for Operating Costs – Current language prohibits borrowing for operating costs if the budget exceeds the 2% limit. What are districts supposed to do in order to make payroll or cover must-pay bills like utilities?

We understand there has already been activity to change the formula for the cap. The most recent language we heard was changing it to 1.5% on either Education Spending or Education Spending per Equalized Pupils. This proposal is no better than the original for all the same reasons we have stated above. We strongly urge you to work with the Agency of Education to make the Excess Spending Threshold more effective. VASBO believes this is the most effective cost containment tool the formula has if it is properly structured.

In closing, we want to thank you all for your time and inform you that VASBO wants to continue to be a part of this conversation. We want to be a resource and help you understand the business side of public education in Vermont. Please call on us if we can be of any assistance as you navigate through the session.

We would be happy to answer any questions that we can.

Respectfully submitted,

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Bob Mason

Grant Geisler