Testimony to the Senate Education Committee on Draft Governance Maps

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Thank you, Mr. Chair and members of the Committee, for the opportunity to testify on your draft governance maps and the ongoing implementation of Act 73.

To begin, I want to acknowledge an important reality: Vermont's declining enrollment and aging population do require change. Over the past twenty years, our state has lost more than 20 percent of its K–12 student population. That trend places real pressure on the system, and it is reasonable for the Legislature to explore consolidation and new governance structures as part of a broader solution.

We appreciate the work that has gone into these draft maps, and we share your goal of building a more sustainable, equitable, and efficient education system - and are well positioned to help you accomplish your goals.

At the same time, we respectfully urge the Committee to focus on what the evidence shows will actually produce meaningful cost savings and build strong regional schools (e.g. the backbone of consolidation).

I. Focus on models that will generate savings

First, your own redistricting task force made a critical finding: large-scale district consolidation, on its own, has not been shown to lower costs, improve outcomes, or increase equity. Redrawing district boundaries or merging governance structures does not, by itself, address the primary drivers of education spending.

Instead, the **task force identified a more promising path—targeted, regional collaboration and shared-service models (like the one we created with our regional partners called the "Vermont Learning Collaborative").** These approaches allow districts to share high-cost services such as special education, transportation, and staffing, achieving economies of scale without requiring full structural consolidation. Importantly, the report emphasized that regional coordination and shared staffing can address cost drivers more directly and may produce more immediate savings than mergers alone.

We strongly agree with that conclusion and encourage the Committee to center these models in your final approach.

II. Ensure Your Approach Directly Addresses The Major Cost Drivers

Second, any durable solution must directly address the major cost drivers in Vermont's education system. These include health care, special education, facilities, and transportation. These are the areas where spending is increasing most rapidly, and they are largely unaffected by governance changes alone. Without a strategy to manage these costs, consolidation will not deliver the property tax relief Vermonters are seeking.

Our [2026-27 district budget] provides a helpful illustration of this:

- Despite facing significant increases in big ticket items like health insurance, labor agreements, supplies, and more - the district held spending to a 5.5% increase or $1.7M over last year (without cutting core programs). This resulted in the district's equalized tax rate increasing 3%. BUT due to the crazy funding formula and the variables outside the school's control, this translates to 3%-17% tax increase across our 7 towns. Here's why:

  1. As you know the very opaque/complex state funding system we have determines tax increases which is based on a variety of factors the state dictates (like equalization rate) and towns manage (e.g. common level of appraisal - which explains why towns with outdated appraisals will see higher percentage increases).

  2. There are costs that we don't control and/or have limited control over which are rising significantly like:

     - Wages & Benefits: up roughly 5–6% - Personnel costs represent about 80% of the total district budget with health insurance negotiated by the state. **Health insurance alone was up 7.4%.**
       - Health care is rising much much faster than Ed spending
         - ~110% increase (2018 → 2025)
         - ~135% increase (2018 → 2026)
       - Health care was <10% of school budgets around 2018, but now it's ~12–15%+ and rising toward ~20%
     - Supplies/equipment: up about 16% (tariffs/inflation impact)
     - Utilities & unforeseen facility repairs - our 1958 boiler quit and sewage pipes failed among other things.

  3. Third, the State is penalizing us for (1) exceeding a 2.5% per pupil increase even though we can't control many of the costs (mentioned above) and (2) for keeping our facilities open (emergency capital expenses to ensure safety and energy efficiency are counted as part of per-pupil spend).

III. Support Strong Regional Hubs - The Backbone of Any Consolidation

We want to be clear: we are ready to be a partner in thoughtful, regional solutions. In addition to our leadership forming the first regional education cooperative, our community has already demonstrated its commitment to being the regional hub.

On March 3rd, district voters from our 7 towns approved a major investment in our schools, contributing to an $111.9 million middle and high school rebuild project. Of that total, $89 million—approximately 80% —has been secured through local voter approval and private fundraising.

Our district has served as many as 28 communities in total (7 towns and 21 sending communities through school choice), maintains strong academic outcomes, offers diverse programming, and has been a leader in innovation, including establishing the region's first purchasing cooperative. Our state-approved rebuild plan (which the state granted in 2024), is designed not only for our current student population but also to accommodate near-term growth to 600 students, with the ability to expand further to between 750 and 1,000 students if the state moves toward larger regional hubs.

In short, we represent exactly the kind of regional, scalable model that can support the state's long-term goals.

However, to move forward, we need the Legislature to (1) uphold the commitment it made Act 73 to fund the school construction program and (2) take immediate action to remove the capital debt penalty that snuck into the 2024 yield bill at the last minute. These immediate actions are needed so EVERY school district can provide SAFE and energy efficient facilities ensuring the sustainability of our system.

To expand on the need to fund the school construction program. Since the state stopped funding the program in 2007, Vermont has accumulated more than $6 billion in unmet school construction needs. As a result, many of our facilities are among the oldest and least adequate in the country (ours is currently the worst). <u>This is a statewide issue that affects safety, educational quality, and long-term costs.</u>

Fortunately, I understand the Legislature and Governor have already identified potential funding sources, including adjustments to second home taxation, the estate tax, or a targeted wealth tax. We urge you to act on these options. Delaying investment will only increase costs over time.

Equally important is eliminating the capital debt penalty. As it stands, the state both (A) fails to fund construction and (B) penalizes communities that step up to invest in safe, energy efficient facilities. That approach discourages responsible local action and places communities in an untenable position.

We do not believe the state has the capacity to fully centralize and manage all school construction, which makes the current penalty difficult to justify.

IV. Closing

In closing, we support the Committee's efforts to modernize Vermont's education system. But we urge you to align your approach with the evidence: prioritize regional collaboration over wholesale consolidation, focus on the real cost drivers, and partner with communities that are already stepping forward with solutions.

Thank you for your time and your service to our state.