

**PRELIMINARY FINDINGS OF THE  
COMMISSION ON THE FUTURE OF PUBLIC  
EDUCATION IN VERMONT**

Report to the General Assembly

December 15, 2024

Submitted by Meagan Roy, Ed.D.

Chair

*on behalf of*

The Commission on the Future of Public Education in Vermont

## Legislation

This report is submitted by the Commission pursuant to [Act 183 of 2024 Sec. \(f\)\(2\)](#) to the General Assembly as “a written report containing its preliminary findings and recommendations, including short-term cost containment considerations for the 2025 legislative session.”

## Background

### Act 183

Act 183 of 2024: An act relating to homestead property tax yields, non homestead rates, and policy changes to education finance and taxation.

The Act established the Commission on the Future of Public Education in Vermont (hereafter referred to as the Commission) to “study the provision of education in Vermont and make recommendations for a statewide vision for Vermont’s public education system to ensure that all students are afforded substantially equal educational opportunities in an efficient, sustainable, and stable education system.” The Act requires the Commission to make recommendations in a number of policy areas. The Commission has organized its work by identifying the following three categories:

- I. *Education finance system*: Recommendations geared toward an education funding system that affords substantially equal access to a quality education in accordance with *State vs. Brigham*
- II. *Education governance, resources, administration*: The structure and needs of the Agency of Education (AOE); the composition, role, and function of the State Board of Education (SBE); the roles, functions, and decisions of local control v. state control; and integration of career and technical education.
- III. *Physical size and footprint of the education system*: The most efficient and effective number and locations of school buildings, districts, and supervisory unions. This includes recommendations regarding workforce retention & capacity (driven by class-size data) and the legal and financial impact of Vermont’s town tuition program for non-operating school districts, including recommendations for tuitioning outside of Vermont and the use of private therapeutic schools.

## Membership

The Act defines the membership of the Commission as follows:

1. The Secretary of Education or designee
2. The Chair of the State Board of Education or designee
3. The Tax Commissioner or designee
4. One current member of the House of Representatives, appointed by the Speaker of the House

## PRELIMINARY DRAFT FOR COMMISSION DISCUSSION

---

5. One current member of the Senate, appointed by the Committee on Committees
6. One representative from the Vermont School Boards Association (VSBA), appointed by the VSBA Executive Director
7. One representative from the Vermont Principals' Association (VPA), appointed by the VPA Executive Director
8. One representative from the Vermont Superintendents Association (VSA), appointed by the VSA Executive Director
9. One representative from the Vermont National Education Association (VTNEA), appointed by the VTNEA Executive Director
10. One representative from the Vermont Association of School Business Officials (VASBO) with experience in school construction projects, appointed by the President of VASBO
11. The Chair of the Census-Based Funding Advisory Group, created under 2018 Acts and Resolves No. 173
12. The Executive Director of the Vermont Rural Education Collaborative
13. One representative from the Vermont Independent Schools Association (VISA), appointed by the President of VISA

Additionally, the Act specifies the creation of a Steering Group, comprised of two Commission members appointed by the Speaker of the House, two Commission members appointed by the Committee on Committees, and two Commission members appointed by the Governor. The Chair of the Commission is jointly selected by the Speaker of the House and the President Pro Tempore.

### Organization of the Work

The Commission met for the first time on July 15, 2024 and has established the following general meeting structures:

- The full Commission meets on the first Monday of each month (with exceptions for holidays and other calendar reasons).
- Subcommittees of the Commission meet as needed, but at minimum once per month on the third Monday of each month (again with exceptions for holidays and other calendar reasons). There are currently three named subcommittees of the Commission: The Communication & Engagement subcommittee, the Steering Group, and the Education Finance Subcommittee (appointed by the Steering Group).

The Commission also adopted a [Workplan Framework](#) that organized the work around three policy recommendation areas: Education Finance System, Governance, Resources and Administration, and the Education Delivery System. The Commission understands that there are many policy areas in the Act that we are charged with investigating, and all of those areas intersect with each other. Our organization of the work into these three broad areas is to help bring clarity to our process. This report will refer to these three areas broadly.

The Commission also adopted a [Communication and Engagement framework](#) that will be updated and expanded with the hiring of a Communication & Engagement consultant. The Commission is cognizant of the fact that we are limited to the perspectives of the thirteen members and therefore need to spend time and energy seeking the input of Vermonters across

the state as well as communicating in an accessible and thoughtful manner. We have chosen to contract with outside experts in this regard.

## Guiding Principles

The Commission recognizes the complexity of the policy issues it is charged with addressing. As it navigates discussions about current and future recommendations, Commission members agreed to develop a set of [Guiding Principles](#) that would clearly articulate the basis for their decisions. These principles represent a consensus of the Commission and include the following:

- **The Commission Recognizes State Responsibility for Education in Vermont**

In the *State vs. Brigham* 166 Vt. 164 (1997), the Vermont Supreme Court held that the State has a constitutional obligation to provide public education, and while “[t]he state may delegate to local towns and cities the authority to finance and administer the schools within their borders; it cannot, however, abdicate the basic responsibility for education by passing it on to local governments, which are themselves creations of the state.” The Commission acknowledges the tension that exists between this responsibility and authority, and Vermont’s tradition of local decision making, and will continue to explore the balance between the two.

- **Equity**

The Commission is committed to decision making that centers equity for Vermont students. While there is a recognition that operationalizing the term “equity” is a complex and varied task, the Commission is committed to the following core understandings of equity:

- Equity does not mean equal/same.
- Solutions with an equity focus must be differentiated by need.
- Equity must be considered both in terms of inputs (access) and outputs (outcomes).

- **Quality**

All publicly funded Vermont students must be afforded high quality educational opportunities that are equitable, inclusive, anti-racist, culturally responsive, and anti-discriminatory, as defined in Vermont State Board of Education Rules. The Commission acknowledges that the SBE rules focus primarily on inputs and that school accountability and student outcomes are critical.

- **Sustainability & Affordability**

The Commission understands that public education in Vermont must be sustainable and affordable for Vermont taxpayers, so that the commitment to Equity and Quality can be sustained over time. This requires a comprehensive look at the education finance system, including both how education dollars are raised and how we spend those funds.

## Preliminary Findings

## Current Vermont Context

The work of the Commission exists in a highly challenging and complex policy environment. The FY25 budget season resulted in a failure of nearly one-third of Vermont school budgets and almost unprecedented increases in property taxes despite significant reductions made in spending for many school districts. Our state's education finance challenges exist in relation to other intractable affordability challenges in the state - rising costs of goods, services, labor and healthcare, a catastrophic housing shortage and population decline. We must acknowledge the impact of these issues on Vermont's public schools.

Further, the issue of cost (and tax impact) is not one of just local district spending. The policy areas referenced in Act 183 are included because of a recognition that all of them intersect, and together impact the ultimate investment in and cost of public education in Vermont.

Education finance is not simply local school district spending. It encompasses spending (with all of the associated cost drivers - healthcare, personnel costs, school construction, tuition, special education, mental health), revenue generation (how we raise the funds needed to support our schools) and the uses of the Education Fund (what we choose to fund with our "education dollars").

School spending decisions in Vermont are defined largely at the local level. Our governance structures (local school boards) make decisions about how we deliver education based on the needs of their communities (including the number of schools to operate, whether we choose to tuition students to other public and independent institutions, and the subsequent tuition, staffing and other costs that are required). Yet, our funding system is shared at the state level. The entire state bears the investment responsibility for decisions made locally.

As an example of this complexity: Imagine a local school district developing its budget. The local administration engages its teachers, staff and community to propose a budget to its locally elected school board. This budget supports the delivery model (the number of schools and classrooms or tuition) that the local district has selected. For those districts who do not operate schools, this budget also includes tuition to other public schools or to independent schools - tuition rates that they do not have any authority to change. Thus, Vermont's **education finance system** must support **delivery models** that are largely selected based on **governance and administration structures**.

This complexity is outlined in more detail in the Agency of Education's recent report: [Vermont Education Funding System Explained](#), where there are additional examples of how the education finance system is impacted by Vermont's approach to school governance and delivery.

The Commission believes it is critical for all those involved in discussions about education finance to be clear about the intersection of these policy areas.

## A Call to Action

The Commission wishes to elevate a collective call to action for citizens, school board members and public and independent school staff alike. Unfortunately, in Vermont the blame for the cost of education has been placed largely on the shoulders of the public education system. For years, the affordability challenges described above have been understood as problems that public

## PRELIMINARY DRAFT FOR COMMISSION DISCUSSION

---

education (school boards, administrators, and teachers) are responsible for causing and therefore are responsible for fixing. **This narrative must change.**

The Commission recognizes that Vermont will not be able to address its policy challenges without substantive policy changes in each of the identified areas: education finance, governance & administration and education delivery system. This must be recognized by all Vermonters. In its early opportunities for engagement the Commission has heard regularly from community members who believe that the challenges can be resolved by addressing any one of these issues. The Commission disputes this view. It is the belief of the Commission that real solutions will include changes to **all three policy consideration areas**, and we wish to begin this report by elevating that finding. There is no “silver bullet solution.”

### Reasonable Timeframes for Impact

Act 183 requires a deep study of prior legislation, the collection and analysis of significant amounts of data (not all of which are readily available) and a deep and sustained engagement with collaborators across the state before making recommendations. Still, it asks the Commission to make preliminary recommendations, including recommendations for “short term cost containment” in time for consideration in the 2025 legislative session. The Commission is committed to providing the General Assembly substantive information to inform its upcoming discussions; however, we also need to be clear that the timeline given to us arguably does not allow the Commission to undertake the work in the way the Act requires.

The public school budget process is not only well underway as of the writing of this report - it will be nearly at its conclusion by the beginning of the legislative session. This limits the ability of the General Assembly to take action on spending alone. This does not mean that school districts have not been engaged in their own work on cost containment measures. In August, the collective education organizations (Vermont Superintendents Association, Vermont School Boards Association, and the Vermont Association of School Business Officials) released a [collaborative budget memo](#) to inform school districts in time to impact the budget process. Their memo included an analysis of the current situation and some concrete suggestions. The Governor communicated with education leaders in both September and October, speaking primarily about the spending component of the challenge.

The Commission has engaged in substantive discussions about an array of policy options that could address the challenges facing Vermont, and will attempt to report those options here. It is important for the General Assembly to understand that substantive change in the three policy areas will be required to fully address the challenges in the long term.

### Data Analysis

Given the complexity noted above, clear, valid and accurate data is essential at all levels of the Commission’s work. Any eventual policy recommendation will need data during the discussion phase (to determine whether it is a valid recommendation), the analysis phase (to determine and model the impacts of any recommendation) and for ongoing evaluation of success. The Commission has been, and will continue to be, data-driven in its focus.

## PRELIMINARY DRAFT FOR COMMISSION DISCUSSION

---

In August, the Steering Group identified a number of data sources that would be important for the Commission to review in order to inform its discussions (see this initial [Data Framework](#)). In subsequent meetings, the Commission and the Education Finance Subcommittee received a number of reports regarding these data sources. At its November 4th meeting, the Commission again reviewed the data framework to determine what had been provided and what still needed to be collected (as well as what the timeline would be for providing it).

The Agency of Education has collected and monitored the requests for data made by this Commission and through its own Listen and Learn Tour. It is important to note that data and reporting has been historically limited in Vermont, and the current Agency staff has worked hard in a very short timeframe to gather, analyze, and report on a significant amount of data. They have also identified areas where data refinement or correction are needed.

The Agency has developed a comprehensive listing of the data requests and the status of those reports as it pertains to information it can provide, including timelines for information not readily available. This is summarized in the below chart. This table represents a point in time status update and the Commission will receive regular updates as new requests are received and processed.

DRAFT - DISCUSSION

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

*Table 1: Status of Data Requests*

Data Request	Status	Data Source	Notes
<b><i>Budget Analyses</i></b>			
Budget Analysis per LTADM back to 2014	Finance committee indicated this is not needed at this time.	June AOE Budget File	"Budgeted expenditures" = "education spending" in statute and refers to budget data collected by the AOE in June of every year. Prior to FY 25 this data is only collected at a very high level and there are known inconsistencies in how districts report this information.
Expenditures per LT ADM back to 2014	Released 11/22/24	<a href="#">Updated State Profile Report</a> <a href="#">State Profile Data File</a>	"Expenditures" = "Ed Fund (including categorical spending) per LT ADM" expenditure data submitted by SU/SDs every year to the AOE through Statbook. Prior to 2020 this data was not aligned to the Uniform Chart of Accounts and will lack the same level of specificity. In addition, Statbook uses 1000 General fund as proxy for EdFund, because the Ed Fund is not specifically tracked in Statbook
Expenditures by object and function code going back to 2014	AOE Report to Finance Subcommittee, 11/25/24	Statbook	Making no exclusions at the district level
District budgets	AOE Report to Finance Subcommittee, 11/25/24	Statbook	"District budgets" = Ed Fund (including categorical spending) per LT ADM expenditures reported by SU/SDs annually in Statbook. Prior to 2020 this data was not aligned to the Uniform Chart of Accounts and will lack the same level of specificity. In addition, Statbook uses 1000 General fund as proxy for EdFund, because the Ed Fund is not specifically tracked in Statbook
By object and function show the change in school district spending by spending quartile	Finance Committee will refine this request	Statbook	In its October 28th presentation, the AOE provided an analysis of statewide expenditures by object/function code. The new dataset by object/function code provided on November 22 will allow for additional analysis.
By object and function show the scale within school districts' budgets by spending quartile	Finance Committee will refine this request	Statbook	The AOE has provided analysis of how size of SU/SD correlate with spending (State Profile Report). Additionally, the AOE has analyzed total expenditures by ADM by SU/SD size.



**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

Data Request	Status	Data Source	Notes
Analysis of categorical aid and specific programs back 10 years	Recent trends provided 10/28/24	Statbook	This data is readily available from 2020 onwards. The AOE is researching what is available in the preUCOA era back to 2014. Categories requested include: “Special Education, Transportation, Medicaid, Tution, All EF Appropriations”
<b><i>Analysis of “Cost Drivers”</i></b>			
Tuition	AOE preparing a report for State Board and will share with Commission	<a href="#">AOE Announced Tuition Report</a>	The AOE can provide data related to the tuition to public schools within SU, tuition to independent school, tuition to therapeutic school, tuition to out of state LEAs, tuition to post-secondary schools, and tuition to out of state private schools
School Size/Facilities	Finance Committee clarified this request. AOE will provide enrollment for each school and grouping by 11/25/24	October 1 Enrollment Data Collection	
Health Care Costs	Finance Committee clarified this request. AOE will provide an analysis of accounting codes related to health insurance as a trend over time and a snapshot of FY23	Statbook	
Special Education	Preliminary analysis provided on 10/28/24. Anticipates a deeper dive related to the state of special education delivery and funding available in December	AOE report	
Facilities	The Education Finance Subcommittee has clarified this request. The AOE will provide enrollment for each school and grouping based on size by November 25	October 1 Enrollment data collection	
Statewide demographic projections (historic and predicted)	Included in revised <a href="#">State Profile Report</a>	Various annual data collections	Years reported vary depending on available data sets, but overall enrollment trends of preK-adult and K-12 are back to 2004
Supervisory Districts and Unions	Included in revised <a href="#">State Profile Report</a> ; includes analysis of expenditure, enrollment, staffing and performance trends at the state level; and SU/SD level		

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

Data Request	Status	Data Source	Notes
	through the <a href="#">database</a>		
Number of students served	Included in revised <a href="#">State Profile Report</a>	October 1 enrollment collection	
Number of towns served	The Agency is researching available data sets to show students served (ADM or enrollment) at the town level.		
Cost per equalized pupil	In the revised <a href="#">State Profile Report</a> , there is an analysis of per pupil expenditure data by LTADM and has an appendix with equalized per pupil spending	Statbook; October 1 enrollment data	Each of these additional levels of analysis will come with a "recipe card" of specific Statbook inclusions/exclusions and other relevant data information.
Tuitioning	State profile report data shared with the Finance Subcommittee on 10/28. FY23 data shared with the Finance Subcommittee on 11/25.		The revised <a href="#">State Profile Report</a> includes the number of students tuitioned to other public schools, independent schools (broken down to include historic academies, therapeutic schools and other independent schools).
Staffing	Revised <a href="#">State Profile Report</a> includes analysis of statewide and by size quartile staffing per pupil in major job categories and an appendix with SD/SU level information	Teacher and Staff FTE Report (AOE)	
Class Size by District	Not readily available but AOE can provide as proxy: <ul style="list-style-type: none"> <li>• Enrollment for each school (Oct 1)</li> <li>• Grades served in each school</li> <li>• Estimated average enrollment per grade in each school</li> <li>• Estimated average class size assuming that if a grade's total enrollment is less than 17 students, it will constitute one class</li> </ul>		<p>There is no clear method for providing this analysis, because there are no state standards for minimum class size, so we cannot extrapolate out from school enrollment to class size. Further rolling up the analysis to SU/SD is not recommended, rather a per school analysis for each SU/SD would provide a more useful level of analysis.</p> <p>This analysis involves several assumptions and would likely not capture multi-grade classes, which are common in some smaller schools. It would be a rough estimate/proxy at best, but a more accurate analysis would require additional data collections from SU/SDs.</p>
Min/Max Salary (teachers	Revised <a href="#">State Profile Report</a> provides this	Teacher and Staff	

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

<b>Data Request</b>	<b>Status</b>	<b>Data Source</b>	<b>Notes</b>
and support staff) by district	at the State and size quartile. AOE can provide SU/SD level data to the Commission using the teacher-staff survey published annually	FTE Report (AOE)	
Provisional Licensure Status	The Agency has created a presentation that can be shared with the Commission on statewide trends in provisional and emergency licenses from 2017-2024. The 2024 data is further broken down by endorsement area. In addition, the AOE includes data on Properly Licensed Educators in the Annual Snapshot. The Properly Licensed Educators indicator reports the percentage of educators working in a district in a given year who hold a Level I, Level II, or Retired Vermont license in the endorsement area at the instruction level at which he or she is teaching, and does not include those on provisional or emergency licenses. The AOE intends to create a topical report on staffing, licensure and other indicators of teacher quality, but is prioritizing	<a href="#">School Snapshot</a>	AOE staff are researching the availability of data at the SU/SD or school level
Staff Retention	The Annual Snapshot includes an indicator on staff retention that aligns to federal reporting standards and is available at various levels (school, SU/SD). The Educator Retention indicator reports the percentage of educators who have been in their current placement for at least the past three years. The teacher rate is reported for schools, SU/SDs, and the state levels. The principal rate is reported at the SU/SD and the state levels. The superintendent rate is reported at the state level, only.	<a href="#">School Snapshot</a>	The AOE, during its regional planning sessions with education leaders discussed the usefulness of this federally-determined metric and there was a consensus that while it was one measure of longevity of staffing, SU/SDs had more timely data that they collect as part of their budget and planning processes. The AOE does not have a dataset or methodology to capture annual turnover.
<b><i>Use of Education Fund</i></b>			

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

Data Request	Status	Data Source	Notes
Breakdown of \$1.89billion education payment	Addressed in response to Ed Finance Subcommittee above		
Education fund sources	Presented to Ed Finance Subcommittee on 9/30/24	Profile of Education Fund Revenue Sources (AOE)	
Education fund and uses	Addressed in response to Ed Finance Subcommittee above		
Facilities Needs assessments	Addressed in response to Ed Finance Subcommittee above		
<b>Student Outcomes</b>			
Student assessment results (disaggregated)	In the State Profile Report, the Agency offered student assessment data for SBAC (2015-2021), VCAP (2022) and NAEP (2015-2022) at the statewide level, across grade spans and by subgroup. Assessment results by subgroups (ELL, FRL and SPED) were offered for pre and post pandemic (across SBAC and VCAP test tools). Figs. 5-10	Annual Snapshot DCo6 ADM, Free and Reduced Lunch data  <a href="#">School Snapshot</a>	There are several datasets to utilize in looking at student assessment results. The Agency recently changed from the SBAC (Smarter Balanced Assessment) to the VCAP (Vermont Comprehensive Assessment) for its statewide assessment tool. This makes analysis of long term trends challenging. Another tool is the NAEP (Assessment of Educational Progress) test, for which we have over a decade of longitudinal data and is our only national comparison. For all statewide assessments, there is an issue of scale and suppression of data when looking at small groups (either by student characteristic, grade level, or even school level).
Student Conditions	The Agency plans to develop a topical report on conditions for student success, including chronic absenteeism, exclusionary discipline, Youth Risk and Behavior Survey data and other datasets		
Absenteeism	The AOE can provide state level trend data from 2019-2023 and for subgroups. The Vermont Education Dashboard also includes data for two decades at the state, SU/SD and school level.	Vermont Education Dashboard: Chronic Absenteeism Dashboard (AOE)	A student is considered chronically absent if they have missed 10% or more of school days. Data at the SU/SD and school level may have high levels of suppression, due to issues of scale.

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

<b>Data Request</b>	<b>Status</b>	<b>Data Source</b>	<b>Notes</b>
Discipline	The Vermont Education Dashboard includes data reported at the SU/SD and school level.	<a href="#">Exclusionary Discipline Dashboard</a>	This data contains significant suppression, a common obstacle for subgroup and school level data analysis in Vermont, due to issues of scale. The latest year available on the dashboard is 2021.
MTSS Status	The Agency publishes annual summary reports of its MTSS survey on the website every year from 2016-2023.	<a href="#">VTmtss Survey</a>	These summary reports contain trend analysis around key activities/strategies in the MTSS framework, including the use of Education Support Teams, school climate initiatives and opportunities for collaboration and professional development

DRAFT - DISCUSSION

## Preliminary Data Findings

While it is beyond the scope of this initial report to summarize all of the data reviewed by the Commission to date, a few specific data sources have informed the findings noted above about Vermont's complex education policy context. Specifically:

The revised [Vermont State Education Profile Report](#) acknowledges:

- Vermont's education ecosystem is complex with respect to its school and district organization, budgeting process, and its approach to education delivery model (including tuitioning students).
- Vermont's enrollment has declined significantly over the past two decades, decreasing approximately 14% in PreK-12 and adult education and 21% in K-12 enrollment
- "Compared to other states, Vermont schools tend to be smaller and more highly staffed, as reflected in its higher cost per pupil." (pg 4)

The report on [Vermont's Education Finance System](#) echoes this Commission's identification of education finance, governance and delivery models as critically intersected:

- "The connection between local budgets, statewide spending, and individual tax bills is not straightforward..." (pg 11)
- Vermont's system of local governance makes it challenging to make uniform decisions across the state to ensure education equity and quality, and to moderate spending.
- Local decision making about education delivery (from the number of schools, classrooms and staff, to curriculum standards and implementation of evidence based practices) causes wide variability in student experiences across the state

The Commission will continue to engage with data as it completes its work over the course of the year. In particular, specific data will need to be reviewed for each of the potential policy actions considered by the Commission.

## Review of Potential Policy Actions

The Commission is committed to providing the General Assembly information to inform the 2025 session. We believe that the contextual information above is critical in its own right to inform any potential actions. The following summary of potential policy actions is provided as a starting point for the 2025 session. By design, this report does not include specific recommendations. The Commission will continue to engage in a deeper analysis of these and other potential policy actions.

A brainstorm process was conducted separately by both the Finance Subcommittee and the full Commission. This was done to generate a large number of possible strategies in order to give the General Assembly the broadest possible list of potential solutions. It is important to note that there is significant overlap between those policy actions brainstormed by the full Commission and the Subcommittee, and that a number of these have either been proposed in the past or came directly from the Commission's community engagement opportunities.

## PRELIMINARY DRAFT FOR COMMISSION DISCUSSION

---

The Commission has organized its discussion of potential policy actions using a number of factors (see [this](#) table from the Education Finance Subcommittee). What follows in this report is a summary version of those factors, again being provided here to give legislators as much information as possible to inform the upcoming session. **It is important to note that this table is meant to surface the issues associated with each action - it does not represent a consensus of recommendations but rather a summary description of options raised.**

As the Commission continues its work, we will continue to analyze potential actions with respect to:

- The extent to which the action is aligned with the Guiding Principles identified by the Commission
- The earliest possible effective date
- The earliest fiscal impact that could be realized

DRAFT - DISCUSSION

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

*Table 2: Potential Policy Actions*

*\*Table contents are provided in alphabetical order by theme*

<b>Policy Action</b>	<b>Policy Goal(s)</b>	<b>Earliest Effective Date</b>	<b>Fiscal Impact</b>	<b>Discussion</b>
<b><i>Education Fund Structural Changes</i></b>				
Move expenses not within the control of local districts outside of the Education Fund (“education spending only”)	<p>Provide better delineation between state and local responsibilities with increased accountability at both levels.</p> <p>Can limit the demand on the Education fund to only costs that align with direct instructional support and associated administration.</p> <p>Increased accountability</p> <p>Reduce property taxes</p> <p>Clarify relationship between voter decisions and tax rates</p>	FY26	Variable/neutral	<p>Unclear if the General Fund has capacity for this</p> <p>Difficult to define what is or is not within district control</p> <p>Fiscal impact depends on what is moved and could impact General Fund pressures</p> <p>GF capacity must be capable of delivering these services in a robust way and/or budgeting strategies must change to prevent the same mission creep currently occurring.</p>
Add a statutory requirement for new programs and mandates to have a sustainable funding source other than the ed fund/local district budgets	<p>Reduce pressure on the property tax and/or local school budgets to support state spending decisions.</p> <p>Reduce property taxes</p> <p>Clarify relationship between voter decisions and tax rates</p>	FY26	Decreases growth potential for budgets	<p>Can be difficult to mandate for future legislative sessions</p> <p>There is advocacy to expand programs and requirements without regard to spending impact. Example: The cost of child nutrition programs locally still costs more than the universal meals program pays to districts, and so local budgets are picking up the remainder of the costs, on top of the revenue overall coming from the Ed Fund.</p>
<b><i>Facilities</i></b>				
School construction	Current facility need cost estimates are	FY26	If a funding	Districts now need to either use capital reserves or



**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

Policy Action	Policy Goal(s)	Earliest Effective Date	Fiscal Impact	Discussion
	based on in-kind replacement scenarios and do not reflect any other educational landscapes or building arrangements.		source was located, it could significantly reduce burden on budgets	take bonds for construction. A new funding source could potentially reduce maintenance costs in local budgets. Necessary for school consolidation efforts and in fact may create an incentive for optimizing delivery models/size.
<b>Funding Formula Change</b>				
Eliminate new calculation using statewide CLA and allow the old method to continue at least for FY26.	Does not curb costs, but allows districts to budget and communicate with constituents consistently. Clarifies relationship between voter decisions and tax rates.	FY26 (curb costs FY27)	Potential for increased ed spending and taxes	Allows districts to build budgets with consistency. Without statewide adjustment, yield would be higher for FY26, which may inaccurately suggest additional tax capacity. Doesn't change tax rates or costs Unclear if this is possible given that December 1st letter incorporates current law Changing the calculation with no direct correlation to saving any funds, or increasing outcomes fosters confusion and a lack of trust
Better tie local votes of reduced local spending to district tax rate reductions	Ensure fiscal benefits to districts who moderate spending. Attempts to mitigate incentives that lead to higher spending in the system as a whole.	FY26 (curb costs FY27)	Variable	How will we ensure equitable access to funds at the student level? Unclear if shifted incentives would change behavior Brigham decision compliance Should be part of a more holistic approach to updating the funding formula to ensure all policy goals of the State are addressed, including Constitutional mandates.
Tailor excess spending penalty or pursue allowable	Reduce spending. Clarify relationship between voter decisions	FY26 (curb costs FY27)	Variable (depends on behavior of	Depending on how the penalty is designed, will have impacts on # of personnel employed, # of

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

Policy Action	Policy Goal(s)	Earliest Effective Date	Fiscal Impact	Discussion
<p>growth rates</p> <p>Ensure excess spending penalty is an effective lever in all districts, regardless of size, by focusing on cost drivers (personnel, facilities, tuition) as opposed to ed spending per pupil.</p>	<p>and tax rates</p>		<p>local decision makers)</p>	<p>buildings operated, etc.</p> <p>How are appropriate targets set and updated?</p> <p>How is Brigham adhered to if districts can opt to spend more than the "direct payment" amount?</p>
<p>Set clear targets for appropriate per pupil spending and set education fund incentives to meet that best practice via direct payments to districts</p>	<p>Reduce education spending in some districts and increase it in others.</p> <p>Increase equity.</p> <p>Simplify formula.</p> <p>Increase quality.</p>	<p>FY26 (curb costs FY27)</p>	<p>Unclear</p>	<p>How are appropriate targets set and updated?</p> <p>May violate Brigham if local districts can choose to spend above the targets</p> <p>Complete change in existing system; transition between budgets would be difficult</p> <p>Should be part of a more holistic approach to updating the funding formula to ensure all policy goals of the State are addressed, including Constitutional mandates.</p> <p>Serves as an incentive for districts to reduce costs and curb spending individually, however if those without scale are the only districts that do so, the net effect on the education fund is minimal.</p> <p>Other cost drivers would need to be reduced to minimize impact of transition and give districts the budgeting flexibility they need.</p>
<p><b>Health Care Costs</b></p>				
<p>Reference based healthcare costs</p>		<p>FY27 (curb costs FY28)</p>	<p>Unclear</p>	<p>Not sure this is a good idea. Could impact healthcare access even further than it is already strained.</p>

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

<b>Policy Action</b>	<b>Policy Goal(s)</b>	<b>Earliest Effective Date</b>	<b>Fiscal Impact</b>	<b>Discussion</b>
				Intended to reduce total healthcare spending and thus reduce premiums. Further internal discussion needed for fiscal impact.
Return healthcare to local districts to bargain	Provide districts with the ability to negotiate total compensation.	FY27 (curb costs FY28)	Minimal	Minimal impact given that total costs wouldn't be impacted. VEHI plan design is not within the control of local boards.  District capacity to bargain varies. Increasingly complex for local school board members with little knowledge.  Pair benefits with the bargaining process.
Revise current statewide bargaining	Reduce current costs, and potential for growth in costs over time.  Allow for reasonable negotiations to actually occur.	FY26 (curb costs FY27)	Minimal but plan change could reduce costs	Might just shift costs rather than reducing if other incentives don't change behavior
<b><i>Property Tax Reduction</i></b>				
Adjust current non-property revenues to the Ed Fund				These ideas may reduce the share that needs to be raised by property taxes, but do not reduce the overall amount that needs to be raised.  Other changes in structure may be necessary
Add more revenue	Reduce pressure on the property tax to support combined state and local spending	FY26	Variable	There are other competing needs in the state.  Doesn't reduce overall tax burden; each tax proposal will have a unique impact.  New revenue is rarely available in the year it is passed.  Most taxes are less progressive than the property tax.

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

<b>Policy Action</b>	<b>Policy Goal(s)</b>	<b>Earliest Effective Date</b>	<b>Fiscal Impact</b>	<b>Discussion</b>
				Unclear if putting more money to the problem will solve it.
Transfer revenue	Shifting burden of education tax Reduce property tax	FY26	Variable; not a sustainable solution	Identifying a sustainable funding source or using revenue as a bridge to a new funding, governance, and delivery model may be needed for short term relief.  Only changes tax rates, it doesn't change overall costs or liability  Doesn't reduce overall tax burden; reduces available General Fund revenues which may not be available.
Diversify revenue sources for the Ed Fund to ensure alignment with national average of state support for school budgets	Reduce pressure on the property tax to support combined state and local spending.	FY26		Other competing needs.  Identifying sustainable funding source(s). Is the revenue mix the right combination?  If education spending was in line with other states, property tax revenue as a % of other sources may be more in line with other states.
Expand sales tax to services	Shifting burden of education tax. Reduce pressure on the property tax to support combined state and local spending	FY26	Variable	Small expansion to services could be implemented in FY26, but broad scale expansion would take longer.  Doesn't reduce overall tax burden; each tax proposal will have unique impact  This only changes tax rates, it doesn't change overall costs or liability.  Regressive tax that may not bring in much revenue?
Tax individuals with adjusted gross income of	Reduce pressure on the property tax to support combined state and local spending	FY 26 (curb costs)	Variable but potential of	Would be general fund revenue.

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

<b>Policy Action</b>	<b>Policy Goal(s)</b>	<b>Earliest Effective Date</b>	<b>Fiscal Impact</b>	<b>Discussion</b>
more than \$1,000,000	thereby shifting the burden of education tax.	FY27)	\$70 million	Doesn't reduce overall tax burden; each tax proposal will have a unique impact. Impacts on out-migration from the state. Variability/unpredictability year to year This level only changes tax rates, it doesn't change overall costs or liability
Property surcharge on second homes	Shifting burden of education tax Reduce pressure on the homestead property tax and landlords/tenants to support combined state and local spending	FY 26 (curb costs FY27)	Dependent on scale of new rate	Dependent upon splitting non-homestead into its component parts. Potential to reduce second home ownership.
Income based tax for education	Reduce pressure on the property tax to support combined state and local spending. Tax fairness	FY 26 (curb costs FY27)	One third of fund	Other competing needs. technically complicated, less stable base. Impacts on out-migration from the state. Ability to implement
<b>School Size</b>				
Establish optimal school sizes	Cost containment Creates economies of scale for quality delivery and increased opportunity	FY26 (curb costs FY28+)	High; staffing costs are largest driver of ed fund growth Scale depends on the parameters of the policy	Need to guard against expansion of tuitioning as a result (could incentivize move to independent schools). Could create incentives for contracted services Achieving scale can reduces staffing shortage (“right sizing”) Loss of community centers Transition to different delivery models are complex; need to fund conversions, could cost more before costs less

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

Policy Action	Policy Goal(s)	Earliest Effective Date	Fiscal Impact	Discussion
				<p>Geography - schools in remote locations may need an exception (transportation considerations)</p>
<p>Merge small schools and districts</p>	<p>Cost containment Creates economies of scale for quality delivery and increased opportunity</p>	<p>FY27 (curb costs FY28)</p>	<p>High; staffing costs are largest driver of ed fund growth</p>	<p>Merged districts are better able to share resources, CBA's, transportation, etc. Political will Without other cost containment strategies, history shows us that districts will spend cost savings when they are available. Transition to different governance structures are complex; need to fund conversions, could cost more before costs less Needs to have sound state driven reasoning behind it. Need to address SU's and whether that is an efficient structure Rulemaking timelines. Legislature needs to create enforcement capacity so policy is equitably implemented in all districts/schools. Need to define rurality.</p>
<p>Address Staff to Student ratios and class size minimums in the Education Quality standards to help districts come into alignment and reduce costs.</p>	<p>Realizing economies of scale within public schools in order to bring down costs overall. Provides optimal and efficient groupings for instructional delivery.</p>	<p>FY26 (curb costs FY27)</p>	<p>Medium (while staffing costs are largest driver of ed fund growth, EQS compliance is limited)</p>	<p>Need clear definitions of "staff" and "class" and data aligned with those definitions in order to make decisions. Even if this does not change until after FY26 budgets are approved, if districts have an idea of what the standards are likely to be, they will begin movement towards the goals in this budget season.</p>

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

Policy Action	Policy Goal(s)	Earliest Effective Date	Fiscal Impact	Discussion
<b><i>State Support of Schools</i></b>				
Additional administrative support/standards from AoE to reduce district level admin costs/needs		FY27	Low	Impacts tradition of local control Requires a high functioning AOE and the authority for the Agency to enforce
Board of Cooperative Education Services (BOCES)	Intended to be a more cost effective model to ensure compliance with mandates.	FY28	Cost containment, not savings	Based on information presented, not clear how this additional administrative structure will lower costs across the state.  Under the enabling legislation from 2024 SDs/SUs must decide if they will pursue a cooperative board by July 1, 2026  Requires a high functioning AOE and the authority for the Agency to communicate, enforce standards  Narrow focus to specific EQS.  Master agreements and Governance Structures would need amending
<b><i>Student Need</i></b>				
Mandate cost limits for therapeutic schools in Vermont	Ensure private providers are held to the same efficiency expectations as public schools.  Transparent process for tuition setting good for equity and oversight	FY 27 (curb costs FY28)	Low but a rapidly growing cost area	Need to have a way to authorize or approve certain costs for high needs students.  May limit therapeutic school's ability to deliver services or remain solvent. Unclear if districts could fill in the gaps that might be left.  This might not be the solution but what is? There needs to be a better continuum of services.  Impacted by district capacity to meet special ed services, revise IEPs, and meet federal law

**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

<b>Policy Action</b>	<b>Policy Goal(s)</b>	<b>Earliest Effective Date</b>	<b>Fiscal Impact</b>	<b>Discussion</b>
Mental health costs	Identify effective intervention			Who is the right provider for these services? Are we leveraging Medicaid funding?
Implement upstream changes to special education service delivery	Increase quality of services Decrease costs for staffing and contracted services Decrease use of paras	In current law (Act 173)	Unclear; schools must maintain federal MOE requirements	Implementation challenges have already hindered the full realization of Act 173 Districts are legally obligated to provide services in an IEP; it takes time to change service deliver models. Requires monitoring, oversight and technical assistance AOE capacity has limited its ability to provide necessary professional development at scale.
<b><i>Tuition</i></b>				
Require school districts to designate up to three public schools if they close a school to limit expansion of tuition vouchers	Realizing economies of scale within public schools in order to bring down costs overall. While efforts to potentially consolidate the delivery system are underway, it is important to not inadvertently expand the number of entities funded. This legislation would be preventive rather than decidedly have an immediate cost impact.	FY26	Low	Some rural communities may not have access to three public schools within geographic proximity. Designed to strengthen public schools, prevent perverse incentives and costs in the future. This may influence school facility planning decisions, particularly in areas with limited geographic public school alternatives. Goes hand in hand with consolidation and class size conversations. Need to explore issues of availability and capacity in public schools.
Limit tuition payments to average announced tuition including for public schools, including guarantee that	Equity between public and private schools Ensure districts that do not operate schools do not have significant cost increases	FY26 (curb costs in FY27)	Minimal statewide Significant in	The net fiscal impact on sending and receiving districts' education is unclear. Unclear how school districts may change tuitioning



**PRELIMINARY DRAFT FOR COMMISSION DISCUSSION**

<b>Policy Action</b>	<b>Policy Goal(s)</b>	<b>Earliest Effective Date</b>	<b>Fiscal Impact</b>	<b>Discussion</b>
taxpayers don't pay more than private pay.	outside their control. In school systems that tuition a large portion of their students to private schools, this is a measure that can have a significant impact on maintaining quality of the operating schools within the district.		some districts	decisions based on policy changes.

DRAFT - DISCUSSION ONLY

## **Recommendations to the General Assembly**

### **Utilize the Commission for analysis and feedback on potential legislative actions**

The Commission was established with a charge of making policy recommendations to define the future of public education in Vermont. We are also keenly aware of the current reality, and the potential for the general assembly to initiate policy actions this session. Given this, the best way the Commission could support the general assembly is by being given the opportunity to analyze potential actions, even as it works towards its December 2025 final report deadline. The Commission remains a body available to advise on proposals in real-time - a body that has already initiated a mechanism for deep community engagement and input. The Commission can support and enhance the work of the General Assembly this session, while continuing to study long term recommendations.

### **Ensure cohesion in efforts to develop policy recommendations**

From the Agency and Administration to the General Assembly to members of the public: There are many efforts being undertaken to resolve the issues identified in this report. The Commission believes it is critical to ensure these efforts remain cohesive even as varying perspectives are taken into consideration. The Commission can play a role in ensuring that policy recommendations are thoroughly analyzed, and can use its communication and engagement apparatus to provide real-time opportunities for input on potential ideas.

### **Continue to ensure substantive, equitable community engagement**

The Commission continues to affirm the need for deep community engagement designed to bring additional voices and perspectives to this work, including those entities outlined in Act 183. The Commission looks forward to working with [insert consultant] to further refine and implement its engagement strategies. The refinement of our communication and engagement plan can help provide the general assembly additional avenues for hearing from others about potential policy actions.

Substantive change will require difficult decisions and significant political will. The Commission believes that, if given the trust that it needs to complete its work, it can continue to analyze the intersecting policy challenges within the context of its guiding principles of Equity, Quality, Sustainability and Affordability and make critical recommendations in 2025.

Respectfully submitted on behalf of the Commission by:

Meagan Roy, Ed.D.  
Chair