



# Education Finance Subcommittee - Commission on the Future of Public Education in Vermont

November 18, 2024, 10:00 a.m. – 1:00 p.m.

Agency of Education  
1 National Life Drive, Room 513  
Montpelier, VT 05620-2501  
Microsoft Teams Virtual Meeting  
Call In: 1-802-828-7667  
Conference ID: 133 836 090#  
[Meeting Link](#)

## DRAFT MEETING MINUTES

**Subcommittee Members:** Representative Emilie Kornheiser, Chair; Nicole Mace; Commissioner Craig Bolio; Michael Lechlitter; Senator Ann Cummings; Elizabeth Jennings; Interim Secretary Zoie Saunders; Megan Roy (Commission Chair)  
**AOE:** Ted Gates, Sean Cousino, Jill Briggs-Campbell, Roseanne Neddo, Maureen Gaidys, Suzanne Sprague.

**Others:** Caleb Hale; Elaine Bellavance; Marcy Harding; Julia Richter; Chester Telegraph; Katrina Menard; M. Kendrick; David S.; Meagan E. Roy; John Clifford; Emma Fedorchuk; Jeanne Albert; DGS; Allen Gilbert; Abby Shepard; Elizabeth Atkins; Heather Bushey; Bill Edgerton, White River Valley Supervisory Union; Sue Ceglowski, Vermont School Boards Association; Chelsea Myers, Vermont Superintendents Association; Ezra Holben; Jess DeCarolis; Colin Robinson; John A. Castle; Elizabeth St. James; Ken Fredette; Diane Lanpher; Jeff Francis; Carlin Molander; Rebecca Sameroff; Margaret Maclean; 18029223005; Matthew DeGroot; Robin Scheu; 18022726395; Clare Buckley; Alison Novak; Sheila Soule; Nancy Cornell

### Call to Order, Roll Call, Amendments to the Agenda

Chair Kornheiser called the meeting to order at 10:10 a.m. She asked for roll call: Cummings, Lechlitter, Jennings, Mace, Kornheiser and Bolio were present. She reviewed the agenda and the subcommittee's planned work for the meeting. Chair Kornheiser said that Interim Secretary Saunders was at a conference and was unable to attend. Interim Deputy Secretary Briggs Campbell was available for questions. There were no amendments to the agenda.

### Approval of Meeting Minutes from October 28, 2024

Chair Kornheiser moved to approve the [meeting minutes from October 28, 2024](#); Cummings seconded. There was no discussion. The motion carried.

### Public to be Heard

None

## **Review and Discussion of Policy Matrix**

Chair Kornheiser began the discussion on the [policy matrix](#). She explained that she inserted the subcommittee members' responses into the matrix by row if one was received. Chair Kornheiser suggested having an in-depth discussion on each topic. The topic of tuition was addressed. Discussion followed regarding requiring schools to designate up to three public schools if they close a school to limit the expansion of tuition vouchers, earliest effective date of April 2025, date to curb costs would be dependent on if a school district closes a school, closing a school may not achieve economies of scale, keeping public school students in the public school system, fiscal impact is low, preventing other perverse incentives, whether it applies to all districts or only those that prospectively close a school, grandfathering students, incorporating some version of the matrix into the Commission's report, limiting tuition payments to in-state schools and impact on those schools and equity, sustainability and affordability.

Discussion followed regarding limiting tuition payments for averaged announced tuition and the discussion included statute and exceptions, different processes in place for public and independent schools, multiple schools in the system that are charging more than average announced tuition rate and districts are paying more than average announced tuition, process for public school system, no incentive to "over-charge", negotiation of rate, oversight on the average announced tuition should apply to both public and private institutions, rate setting process, demonstration of costs based on expenditures, different services offered, effective dates, start in FY27, sustainability, affordability and equity.

Discussion followed regarding school and class sizes and the discussion included helping districts determine when mergers are necessary versus it being an individual district decision, state mandate, fear that if a town does not have a school, no one will move to the town, closing a school does not always save money, opportunities for students when schools consolidate, clear standards around school and class size, geographic isolation, repurposing schools, reduction in staff is not a popular solution, political pressure, distributing cost savers instead of actual savings, student need and appropriate staff, upward pressure on schools and districts, scale of democratic control, local control and state decision making, AOE's Vermont Education Funding Explained Report, quality, affordability and equity.

Discussion followed regarding health care costs and the discussion included not having expertise on the topic, putting pressure on healthcare facilities, decisions are more appropriate for the health care committees, understanding the impacts on the rest of the system, statewide bargaining, looking at ways to pare all benefits, equity concerns, shifting costs, changing plan design, cap on actuarial costs, administrative burden, setting actuarial targets, health care in bordering states, insurance pool, sustainability and affordability, cost driver for school budgets, anti-equity and affordability and maintaining equity.

Chair Kornheiser recessed for break at 11:26 a.m. and resumed at 11:36 a.m.

## **Review and Discussion of Policy Matrix**

Chair Kornheiser led the discussion regarding special education and the discussion included mandating cost limits for therapeutic schools, transparent process for tuition

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setting, some therapeutic schools are expensive, and the costs are justifiable, not wanting to incentivize closure, extraordinary special education costs are growing, Act 173 and changing practices, districts pooling resources to offer regional and in-house therapeutic services, limited number of spots available, continuum of placement in the least restrictive environment (LRE), clearer process and better training for teachers and staff, transparency and accountability, updating individualized education programs (IEPs), federal obligation of maintenance of effort (MOE), above average use of paraprofessionals, AOE capacity, professional development, increased technical training and assistance, quality monitoring and oversight of how schools and districts are performing, mental health costs, designated agencies, challenges are different between districts, funding of services, Medicaid funding and early intervention.

Discussion began on the topic of state support of schools and the discussion included handling certain district functions in a centralized way, high-leverage education quality standards, accountability framework, local control versus state control, authority, standards aligned system, AOE capacity, board of cooperative education services (BOCES), reducing administrative costs, gaining efficiency, consortium agreements and equity, affordability, sustainability, and quality.

Discussion began on the topic of facilities and the discussion included that a parallel group is working on facilities, funding is needed and aligning with policy goals of the state and commission.

Discussion began on the topic of adjusting current non-property revenues to the Education Fund and the discussion included ideas that may not reduce the amount of money that needs to be raised, not available until FY27, economic harm, some changes may take a while, short-term revenue options, property taxes, moving to an income based system, balance of revenue, property tax credit, how Vermont compares to other states, transferring revenue from General Fund and what programs would not be supported, General Fund is not infinite, retirement, Vermont has the second highest per pupil spending in the country, composition of revenue is not working, current use, expanding sales tax to services, taxable services include legal, tax preparation and haircuts, new tax types are expensive, creating a new tax bracket, subset of adding revenue, property tax surcharge on second homes, splitting non-homestead tax into its component parts, rental properties, administrative complexity, reappraisal system report, diversifying revenue, the current housing climate and tax increment financing (TIF).

Discussion began on the topic of an income-based tax for education and the discussion included reasons not to impose this, complex and unclear if it is implementable, reduces transparency in the system, it is hard for voters to have a connection between the budget that they approve and its relation to taxes, foundation formula and broad-based income tax.

Discussion began on the topic of changing the structure of the Education Fund and the discussion included unfunded mandates, universal school meals, inequity, both taxpayer equity and equity within the system of opportunity for kids, move costs to the General Fund, the purpose of the Education Fund, self-balancing fund, property tax funding, trade-offs and mental health costs, special education report, how other states fund education, position-based formula or adequacy-based formula, adjusting the funding formula, statutory

requirement for new programs and mandates to have a sustainable funding source, eliminating the common level of appraisal (CLA), foundation formula and the statewide grand list, PICUS Report and what is adequate, Vermont's constitution references equity and not adequacy and the appetite for spending is different among districts.

### **Finalize Matrix for Commission Interim Report**

Not discussed

### **Next Steps/Planning for Future Meetings/Agenda Setting**

Chair Kornheiser said the next subcommittee meeting is virtual and scheduled on November 25<sup>th</sup>. Possible discussion topics include a discussion on foundation formula and the policy tools needed to make it work, addressing the excess spending penalty, data update from the AOE and update from the Tax Department on 10-year sources. Chair Kornheiser will follow up with Chair Roy and update her on the progress made.

### **Adjourn**

Chair Kornheiser adjourned the meeting at 1:01 p.m.

Minutes prepared by Suzanne Sprague.