



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

November 25, 2024, 10:00 a.m. – 1:00 p.m.

## Microsoft Teams Virtual Meeting

Call In: 1-802-828-7667

Conference ID: 541 358 75#

[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; Heidi Jo Bartlett; Sean Cousino; Jill Briggs Campbell; Emily Simmons, Roseanne Neddo; Maureen Gaidys; Suzanne Sprague.

**Others:** Elaine Bellavance; Marcy Harding; Julia Richter; Chester Telegraph; Katrina Menard; M. Kendrick; David S.; John Clifford; Jeanne Albert; DGS; Allen Gilbert; Heather Bushey; Sue Ceglowski, Vermont School Boards Association; Chelsea Myers, Vermont Superintendents Association; Colin Robinson; John A. Castle; Elizabeth St. James; Carlin Molander; Rebecca Sameroff; Matthew DeGroot; Sheila Soule; Bud Meyers; Bridget Burkhardt; Justin Silverstein, APA; Amanda Brown, APA; Jake Feldman; Emma Fedorchuk; Ashley Moore; Morgan Daybell; Cathy Solsaa, Rutland City; Jeff Fannon; DS; Ryan Heraty

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

Chair Kornheiser called the meeting to order at 10:05 a.m. She asked subcommittee members to introduce themselves: Cummings, Lechlitter, Jennings, Mace, Kornheiser Saunders and Bolio were present. She reviewed the agenda and the subcommittee's planned work for the meeting. There were no amendments to the agenda.

### Approval of Meeting Minutes from November 18, 2024

Cummings moved to approve the meeting [minutes from November 18, 2024](#). There was no discussion. The motion carried.

### Public to be Heard

Allen Gilbert addressed the Subcommittee. He was surprised that neither the Picus Report nor the AOE consultants mentioned a Pennsylvania Supreme Court case from 2023 regarding foundation formulas. The court ruling noted that students who reside in school districts with low property values and incomes are deprived of the same opportunities and

resources as students who reside in school districts with high property values and incomes. The disparity among school districts with high property values and incomes and school districts with low property values and incomes is not justified by any compelling government interest nor is it rationally related.

### **Data Review, Agency of Education**

Interim Secretary Saunders referenced several reports that were provided to the subcommittee and are posted on the [Agency's web site](#). It includes an updated release of the [Vermont State Profile Report](#). The updated report includes some corrections and expanded analysis related to expenditures and it specifically isolates expenditures from the Education Fund. The key takeaways are 1) the statewide trends remain similar; and 2) expenditures were relatively similar across different communities and those from the Education Fund were not meaningfully higher in higher poverty communities. Interim Secretary Sanders shared important nuances for the subcommittee to keep in mind around the data and interpretation given some changes in how the data had been presented in the past.

Amanda Brown, Augenblick, Palaich and Associates (APA) addressed the subcommittee and shared an [Expenditure Analysis Presentation](#). The presentation included background information on the Uniform Chart of Accounts (UCOA), supervisory unions and supervisory districts (SU/SD) general fund, statewide Education Fund expenditures from fiscal year (FY) 2014–23, drop in FY18 could correlate to Act 46 and its impact, statewide Education Fund expenditures per student using long term average daily membership (ADM) FY2023-24, statewide Education Fund expenditures by function for FY14, FY19 and FY23, statewide Education Fund expenditures by object for FY14, FY19 and FY23, and statewide Education Fund expenditures by object within function for FY23.

Discussion and questions followed regarding reviewing data on a district-by-district basis, expenditures from the Education Fund related to need, overlap of needs of students with free and reduced lunch (FRL), special education and English Language Learners (ELL), higher general fund or Ed fund expenditures in smaller settings, the federal dollars help to supplement for need and FY24 data is still in its annual review stage.

Brown shared the [Vermont State Profile Report](#). She said the initial report focused on total expenditures from all available funds. The updated report shows different layers of expenditures as well as the core Educational Fund expenditures. She reviewed the total expenditures per long term ADM by fund and noted that most of the dollars spent by SU/SDs are from the Education Fund, operating expenditures continue to increase, the amount of funding that is provided between low need, moderate need and high need, available funds to students when considering all funding sources in high need settings, increased expenditures based on size and the data appears to show that not much of Education Fund dollars is specifically going out into communities with higher need.

Discussion followed regarding developing an equitable system, FY24 data, unpacking cost drivers, definitions for categories in presentations and how to determine if investment is translating into improved student outcomes.

Interim Secretary Saunders presented [Vermont School Size by Enrollment](#). She shared

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public school enrollment numbers for prekindergarten-grade twelve students grouped by 50, public school enrollment numbers for prekindergarten-grade twelve students grouped by 100, public school enrollment numbers for kindergarten-grade twelve students grouped by 50 and public-school enrollment numbers for kindergarten-grade twelve students grouped by 100. The presentation noted the average enrollment patterns in public schools. Discussion followed regarding mapping communities that maintain small schools because of geographic necessity versus communities that maintain small schools out of preference, a misalignment with the Picus Report that noted Vermont schools have an average enrollment of 400 students, incorporating data from the School Construction Aid Working Group Study, any correlation between school size and need for capital infrastructure, achieving scale and capacity, utilization of a building, deferred maintenance and capitalizing on the current infrastructure.

Interim Secretary Saunders shared the [AOE Data Request Spreadsheet](#). She reviewed the spreadsheet and provided a high-level update on the data requests received from the full Commission, the Steering Group and the Education Finance Subcommittee. Discussion included an analysis of spending by higher and lower spending districts, spending patterns and qualities of districts of like size, need and geographic location, isolating data from recent years, disconnect until FY24 data is available, object and function code spending by size, earlier reliance on the infusion of federal dollars, mapping patterns of need and performance by size, FRL measurement, understanding student performance and breaking down the data.

Chair Kornheiser asked the subcommittee to review the [AOE Data Request Spreadsheet](#) and read the updated [Vermont State Profile Report](#) in preparation for the next meeting. Additionally, she asked subcommittee members to review [Education Finance Subcommittee Brainstorm Document Volume 2](#) and identify data that would be needed to understand the different policy levers.

Chair Kornheiser recessed for break at 11:15 a.m. and resumed at 11:31 a.m.

### **Fundamentals of Foundation Formula (national insights)**

Chair Kornheiser introduced Justin Silverstein, APA Consultant, and noted that foundation formulas have changed dramatically since Vermont had one and there is a lot to be learned from what has happened in America in the last 30 years.

Silverstein, walked Committee members through his presentation, "[Foundation Formula 101](#)".

There was discussion on vertical equity, spending side versus raising side, preference for how the raising side works, raising dollars in an equitable manner for taxpayers, local share is where the inequity lies, full disclosure that APA did the adequacy study back in 2006, best practices for how states stick to their mathematical approach in tough times, governance best practices, the more dollars that are defined the more equitable the system will be, having multiple stakeholders involved, best practice is less about the "who" and more about the "how often", transition and the legislature initiating a process to determine base amount, just changing the funding formula is insufficient, what would sequencing/timeline look like, tremendous complexity to this work and one input has many

ripple effects, how states go about on the front end of establishing goals and outlining assumptions, thinking about specific outcomes, best practice is defining what improvement means and building a finance system that supports that, think about what can be done now and future target, balance between base and weights needs consideration, and stakeholder engagement on meeting the state's needs.

Chair Kornheiser spoke about the critiques of Picus' work and how it is inflationary, and that the move to a foundation formula is often about having more money spent – and we are looking at this to be more consistent in spending money and spending less money.

### **Legal Insights into Brigham Decision**

Chair Kornheiser explained that attorneys differ on their interpretation of Supreme Court decisions, and that it would be interesting to hear different perspectives on Brigham, but not many attorneys are interested in this discussion. She introduced Emily Simmons, AOE General Counsel, to discuss how Brigham intersects with the foundation formula. Her goal is to provide some markers to enable discussion and help to provide information for that discussion. Simmons spoke about the court decision in Brigham being a ruling on a set of facts, questions answered today will point back to decision/principles that might be predictive in future ruling, baseline is there will be a different set of facts in any future challenge, Brigham included plaintiffs both representative of student equity concerns and taxpayer equity concerns and the Court did not rule on the taxpayer claims, the Supreme Court in a follow up to Brigham (assuming a new formula and a challenge to the formula) is seen as a big placeholder, that formula will be some combination of many policy choices, any responsible policy making body will have legal opinion along the way about risks and those should inform those decisions.

Simmons continued to summarize choices that are easily evaluated under Constitutional framework and others that will close questions depending on the policy adopted. Brigham is the marriage of two important concepts; that the state is fulfilling its fundamental obligation to provide educational opportunities to students and is doing so on a reasonably equitable basis. The court in Brigham did not give an exact order of operations to determine the constitutionality of future funding systems; they declined to state what legal test used to evaluate the education clause and the common benefits clause. They were clear that the state has the burden to not infringe on this fundamental obligation and that if any party establishes that right has been infringed, there will be a high bar on any potential infringements. We can forecast that the greater the infringement/failure to provide the benefit, the heavier the justification the court will expect the state to have regarding their policy choices.

There were questions/discussion on Brigham decision was not about foundation formulas being unconstitutional but how this specific foundation formula played out in communities, several layers to Brigham decision, court didn't dig into taxing structure, and to what extent communities should be able to spend above the foundation amount, if Brigham case gives any hints on tolerance, caution on how local revenue is handled, equality of funding as quoted in Brigham, "equal educational opportunity", problems with the data, Act 60 and state has under-resourced the quality piece of that legislation, need to look at Act 60 implementation understanding that the funding change is sometimes the easiest piece and the quality and monitoring part is harder and we need to do both, how we spend our money

reflects our priorities, encouraged Steering Group to prioritize this conversation of rethinking our system and priorities, House Committees will look at both short- and long-term options, staying student-centered, framework focused on continuous improvement, transparency to how school quality is measured, and using multiple components to assess educational quality.

### **Excess Spending Thresholds (outstanding item from last meeting)**

Mace spoke about short-term cost containment and the excess spending threshold and penalty as one lever that is used to suppress spending and it keys off from education spending for equalized pupil and is not directly linked to any of the cost drivers named. Districts that can operate at scale tend to have a lower cost per equalized pupil; that does not mean they don't have a significant impact on the Education Fund. If there is interest in short term changes to the current funding formula, then it might make sense to consider tailoring the threshold/penalty to be closer linked to cost drivers such as class-sizes, buildings, compensation. This [spreadsheet of cost drivers](#), updated by Leichliter, was shared. It is hoped that some version of this will be included in the Commission's report to the legislature.

There was discussion/questions on line 38 of the spreadsheet, places in the policy levers that might incentivize districts to budget differently using line items, nervous about creating similar incentives if excess spending threshold is related to specific line items, staffing is complicated, is there a way to calculate the differential between state average and districts that have staffing levels below this average, is this a choice or a need, assumptions of schools and their operational choices, stat book would make clear choices of districts, requiring the Agency to do different data collections, not limiting thinking based on current AOE data collection, important to create systems that simplify administrative burdens.

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

Chair Kornheiser said the next meeting will discuss previous policy efforts and where they have gone right and wrong. All members are asked to review the [AOE Data Request Spreadsheet](#) and the [Vermont State Profile Report](#) and bring back questions for both of those. Chair Kornheiser clarified that she is not seeking consensus on the [spreadsheet of cost drivers](#) but is seeking all voices on what is captured in the spreadsheet. Jennings asked about this as a tool to inform the full Commission and possibly having a link between this and the report to the legislature. Chair Kornheiser asked members to read the spreadsheet for errors and she will share the revised draft with Chair Roy.

There was discussion on this not being a consensus document but a surfacing of ideas, streamlined version of the spreadsheet that is not as complex would be helpful to include in the report, key is explaining what it is and what it is not, noted that there is a row that everyone agreed was not a good idea but it was left in there, and there are also some ideas mentioned that are not included. Chair Kornheiser asked members to send any additions/edits to her and she will compile.

Chair Kornheiser added that there are a lot of other places that conversations on education finance are happening, and she is hopeful that any proposals for the upcoming session will be able to touch this committee at some point. She is flushing ideas out of colleagues and encouraged members to do the same, in hopes that there will not be any surprises. Mace

noted on the values of this body in that it includes members from the field, legislature, associations, and this is a positive venue for those conversations. The next meeting will have time for final pieces that we have not had time to be discussed. There was discussion on the meeting schedule.

Monday, December 9, 2024, will be the next meeting of the Education Finance Subcommittee. This meeting will be virtual and will be the final meeting of 2024. There will be no meeting on December 23, 2024.

### **Adjourn**

Chair Kornheiser adjourned the meeting at 12:57 p.m.

Minutes prepared by Suzanne Sprague and Maureen Gaidys.