



School Construction Aid Task Force
September 27, 2023, 10:00am – 12:00 p.m.

Per [Act 78 of 2023, section E131.1](#) (see page 196), a School Construction Aid Task Force is created to examine, evaluate, and report on issues relating to school construction aid.

Meeting was convened by Microsoft Teams Virtual Meeting Call In: 1-802-828-7228 Conference ID: 851 107 718#.

Meeting Minutes

Task Force Members Present:

Mike Pieciak, State Treasurer
Heather Bouchey, Secretary of Education
Bruce MacIntire, Vermont School Custodians and Maintenance Association
David Weeks, Senator
David Epstein, Gubernatorial Appointee
Chris Young, Vermont Principals' Association Designee
Peter Conlon, Representative
Jon Wilkinson, Gubernatorial Appointee
Jeff Francis, Vermont Superintendent's Association
Sue Ceglowski, Vermont School Boards Association
Martine Gulick, Senator
Chris Taylor, Representative
Michael Gaughan, Vermont Bond Bank
Eric Lafayette, EEI Services

Also Attending:

Ashlynn Doyon, Treasurer's Office
Jill Briggs Campbell, Agency of Education
Scott Baker, Treasurer's Office
Justin St. James, Treasurer's Office
Jeremiah Breer, Treasurer's Office
Bob Donohue, Agency of Education
Julia Richter, Joint Fiscal Office
Steve Wisloski, PRAG
Tom Huestis, PRAG

Call to Order and Opening Remarks:

Treasurer Pieciak called the meeting to order at 10:02am and provided agenda. Treasurer Pieciak and others discussed future meeting dates: October 11th and October 23rd.

Approval of September 22, 2023:

Ms. Ceglowski moved to approve of the minutes with additions and amendments at the bottom of page 3, last paragraph. Mr. Wilkinson seconded the motion. There were no additions or changes to the minutes. No further discussion. The minutes passed unanimously.

Public to Be Heard (Public Comment):

Treasurer Pieciak announced an opportunity for public comment. No one asked to be heard at this time.

The State of the State: VT Education Funding and Municipal Bonding Presentations:

Mr. Baker presented on the topic of: “State of Vermont debt and bonding practices.” Mr. Baker shared a presentation. The presentation will be posted on AOE webpage.

Treasurer Pieciak noted the trend that Vermont and other states have undergone in reducing their outstanding debt as well as the appetite for future debt issuance. Treasurer Pieciak noted that some states have utilized “pay go” efforts to continue to invest in capital projects while also reducing outstanding debt.

Mr. Lafayette asked a question concerning rising interest rates and the outlook looking forward regarding how interest rates impact bond issuance.

Treasurer Pieciak noted that the some projects may be better suited for *pay go*, or cash on hand, while others may be better suited for bonding.

Mr. Lafayette inquired about a recent school district bond in Chittenden County and inquired as to how the schedule for debt issuance overlaps with project allocation.

Treasurer Pieciak and Mr. Gaughan discussed the question raised by Mr. Lafayette. The group discussed the fact that most towns utilize the State’s credit ratings but some towns obtain their own credit ratings and issue their own debt outside of the Bond Bank/State of Vermont. Treasurer Pieciak noted that the State of Vermont and the Bond Bank are separate—the Bond Bank issues debt for local municipalities and the State issues debt for State projects.

Mr. Gaughan presented on behalf of the Bond Bank on the topic of: “Municipal bonding (i.e., how do construction projects get funded today?).” The presentation was shared with the group and will be posted on the AOE webpage.

Mr. Gaughan and Treasurer Pieciak discussed a question about USDA aid as it relates to school construction, noting that it may be helpful to hear directly from USDA staff, and noted an inquiry concerning emergency funds, to be addressed by AOE.

Ms. Richter noted that the State did, previously, suspend school construction aid.

Mr. Gaughan and the group discussed the topic historical aid to school construction.

Rep. Conlon asked a question about increasing school aid without overstressing capacity.

Treasurer Pieciak noted Rhode Island’s school aid program. Mr. Huestis provided insight into the Rhode Island debt affordability process and school aid program.

Ms. Richter presented on the topic of: “How Vermont’s education funding system absorbs and distributes additional tax burden when large construction projects are undertaken by a district.” The presentation was shared with the group and will be posted on the AOE webpage.

Treasurer Pieciak asked Ms. Richter to review how a school construction project could impact statewide education funding relating to the tax burden.

Mr. Gaughan asked a question concerning the “yield” and the legislative process in setting the yield.

Mr. Epstein asked a question about income-sensitivity and how costs are spread across the State.

Mr. Donohue posed a question about other categories of revenue generation to add to the pool of available funds for school construction and other comments related to the education fund.

Mr. Francis posed a question concerning the 5% five year property tax cap.

Ms. Richter noted, in response, that Act 127 of 2022 plays a large role in education finance: Act 127 includes a transition provision which essentially caps the increase of the equalized homestead property tax rate to an increase of 5% compared to the prior year (Ms. Richter noted that she will be issuing publishing a brief on this topic in the coming weeks).

Mr. Donohue noted that not all projects can be completed all at once and noted priority-setting. Secretary Bouchey noted that the State could consider not using the education fund. Treasurer Pieciak and Secretary Bouchey noted the complexity of the school funding system in Vermont.

Treasurer Pieciak noted that discussions concerning PCBs will occur at future meetings and that a presentation from Mr. Donohue could be added to a future meeting.

Mr. Wilkinson noted that he has suggested speakers/presenters to discuss the PCB issues.

Adjournment

The meeting adjourned at 12:00 p.m.