

PROPERTY TAX CONFERENCE

Vermont School Boards Association

August 14, 2014

**NO
PETS
ALLOWED**

**ALL PETS MUST
BE ON LEASH**

Contradiction #1: The Quality of Education

**By most measures, Vermont has one of the
best systems in the country . . .**

AND

We can, and must, do better.

Contradiction #2: The Cost of Education and Property Taxes

**We have the fairest funding system
in the country. . .**

AND

**The system is not understood by most, creates a
disconnect between budgets and tax bills, and
has resulted in high property tax bills.**

Contradiction #3

Local Control

We pride ourselves on local control. . .

AND

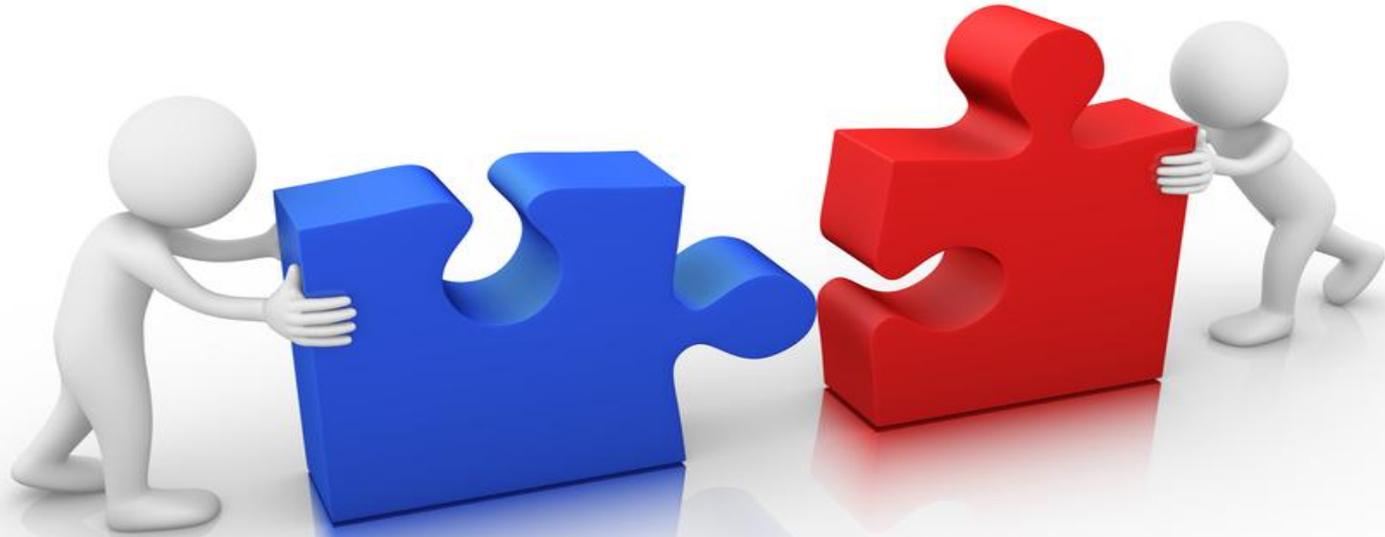
Ours is a statewide finance system.

Expenditures in one district affect the taxes of another district. There is a strong disconnect between local budgets and tax bills.

The Great Property Tax Debate!



Education—A Shared Responsibility



Two Dimensions of the Property Tax Challenge

Education Costs
Tax Policy

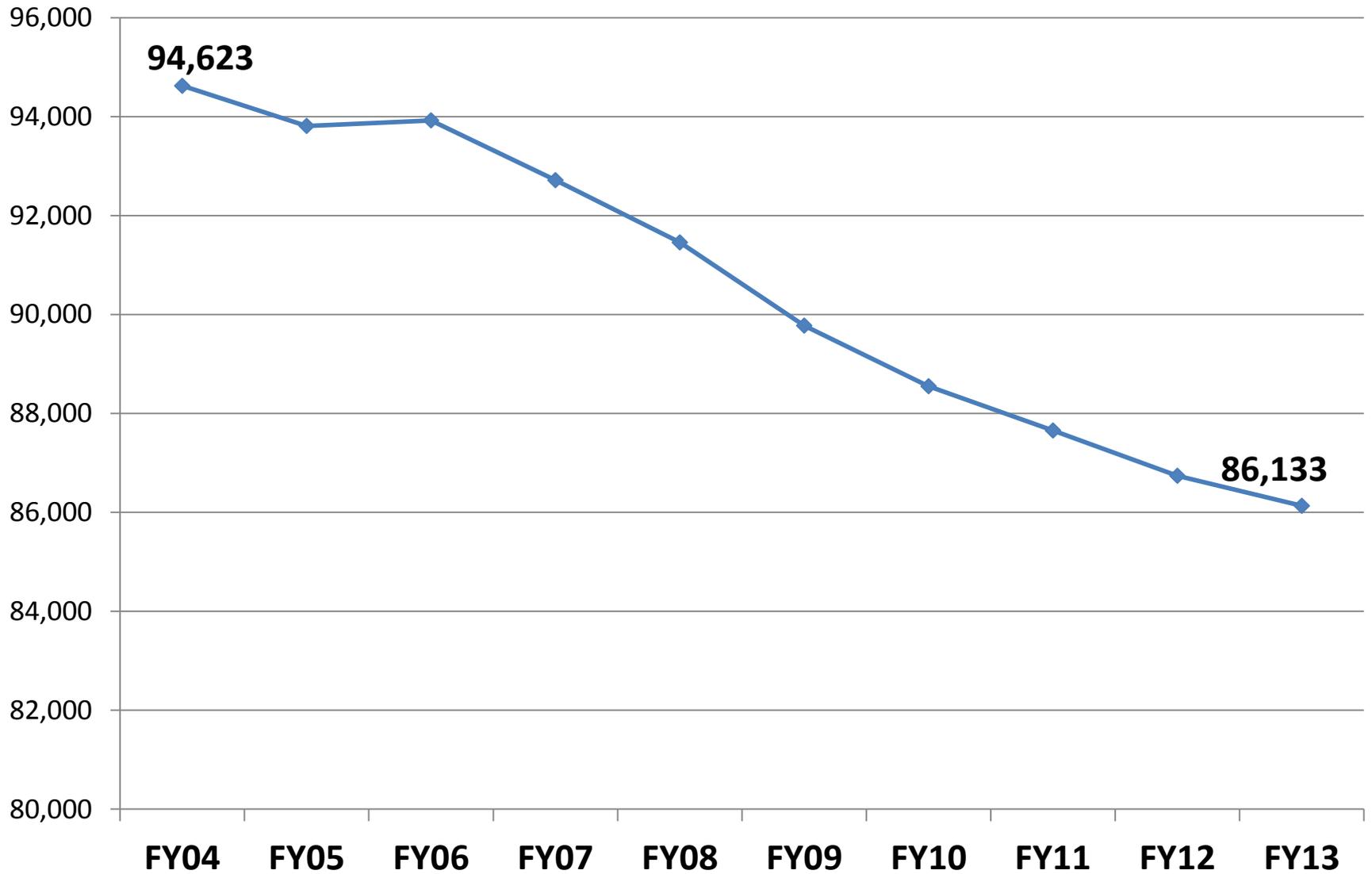
Costs– Modest Overall Increases/ Higher Per Pupil Increases

- Education spending has increased an average of 2.2% per year over the past 6 years (approximately 3% this year).

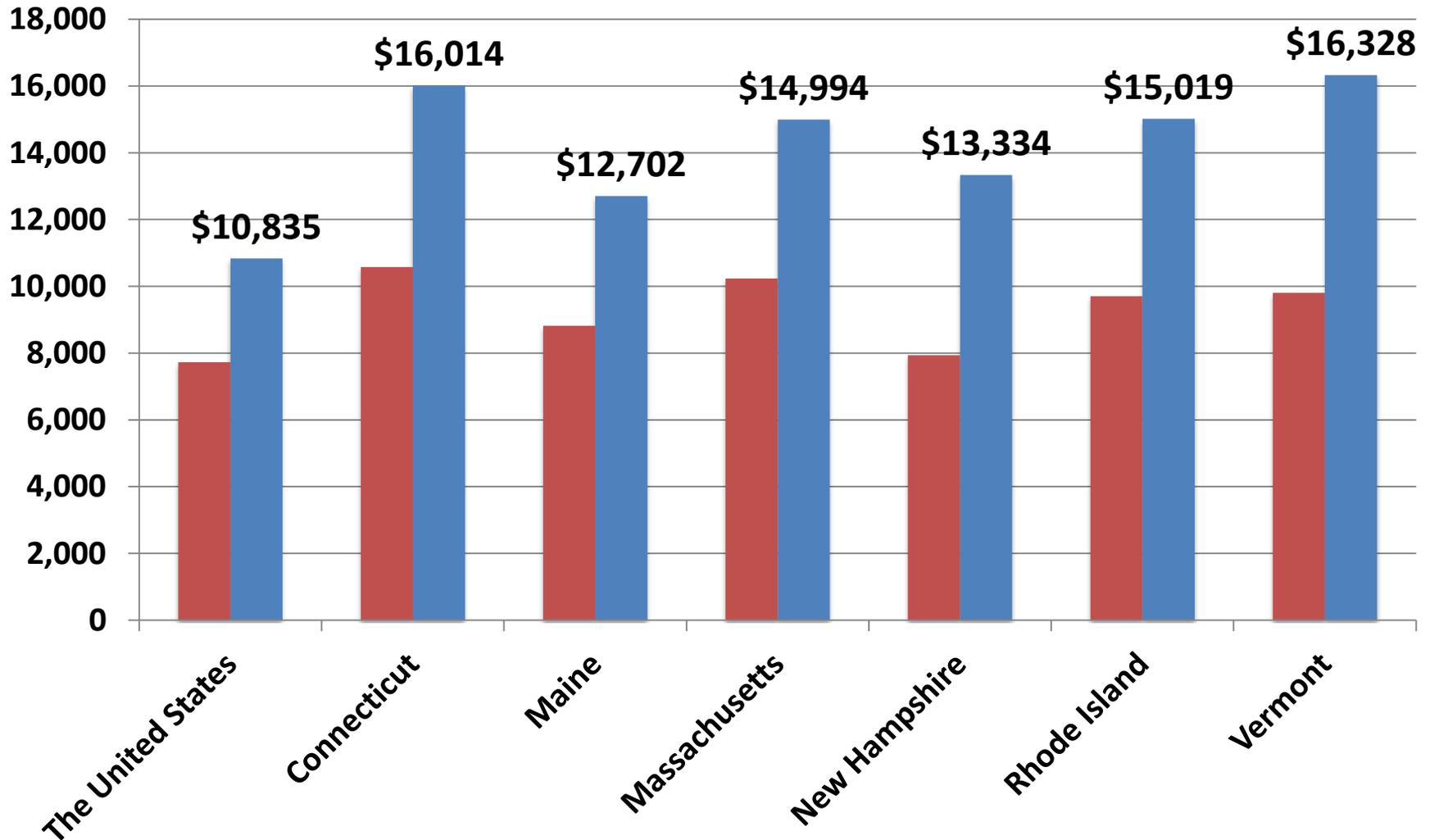
BUT

- Education spending per student has increased an average of 3.8% per year over the past 6 years.

Statewide Public School Enrollment Trend



Current Expenditure Per Enrolled Pupil FY02, FY12 In Real Dollars



In real dollars

Source: NCES

Education Costs—Three Drivers

1. *State and Federal Policy—*

Common Core

Student safety—bullying, concussions, etc.

New initiatives—dual enrollment, PreK

Lack of State support for facilities

2. *Broader Economic/Political Forces*

Health Care 14.5% over past two years

Salary Increases 2.5%-4%

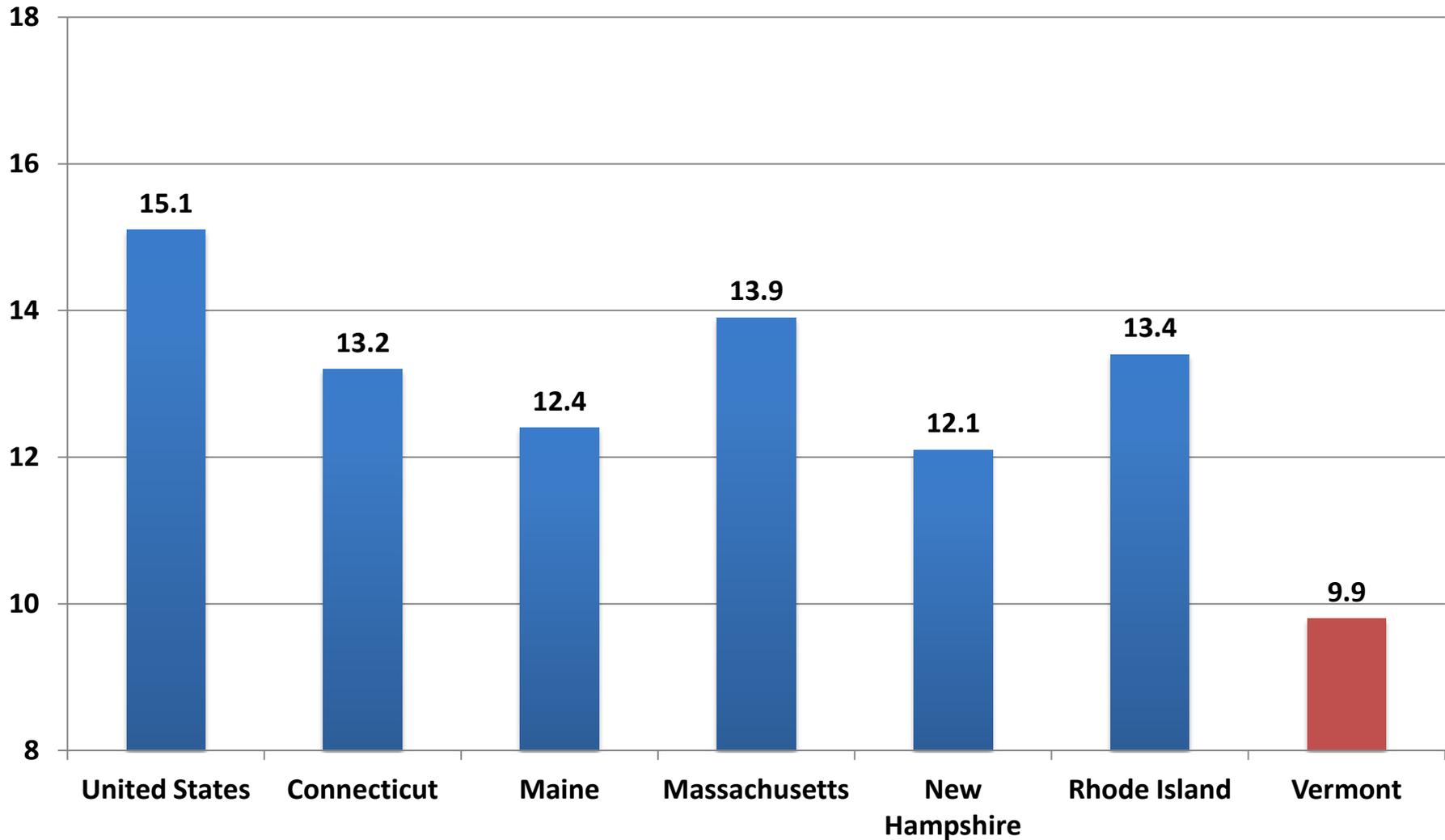
Fuel costs, inflation

3. *Decisions of Local School Boards and Electorates*

Student-Staff Ratios

Special Education

Student : Teacher Ratios 2013-2014



Source: NEA/ Vermont Agency of Education

Education Costs: What Can Be Done?

Health Care— Statewide approach. Do not adopt “hold harmless” language.

New Requirements—Moratorium?

State Assistance for Capital Improvements—
Remove moratorium.

Salary Increases—Strengthen collective bargaining by boards. Statewide contract?

Education Costs: What Can Be Done?

“Right-sizing” staffing levels—

Remove disincentives to reduce the number of staff—**RIF criteria** more than seniority alone.

May need to **come together** with neighbors to better deploy fewer staff and preserve education quality and opportunities.

Special Education—rates of identification, patterns of use of paraprofessionals

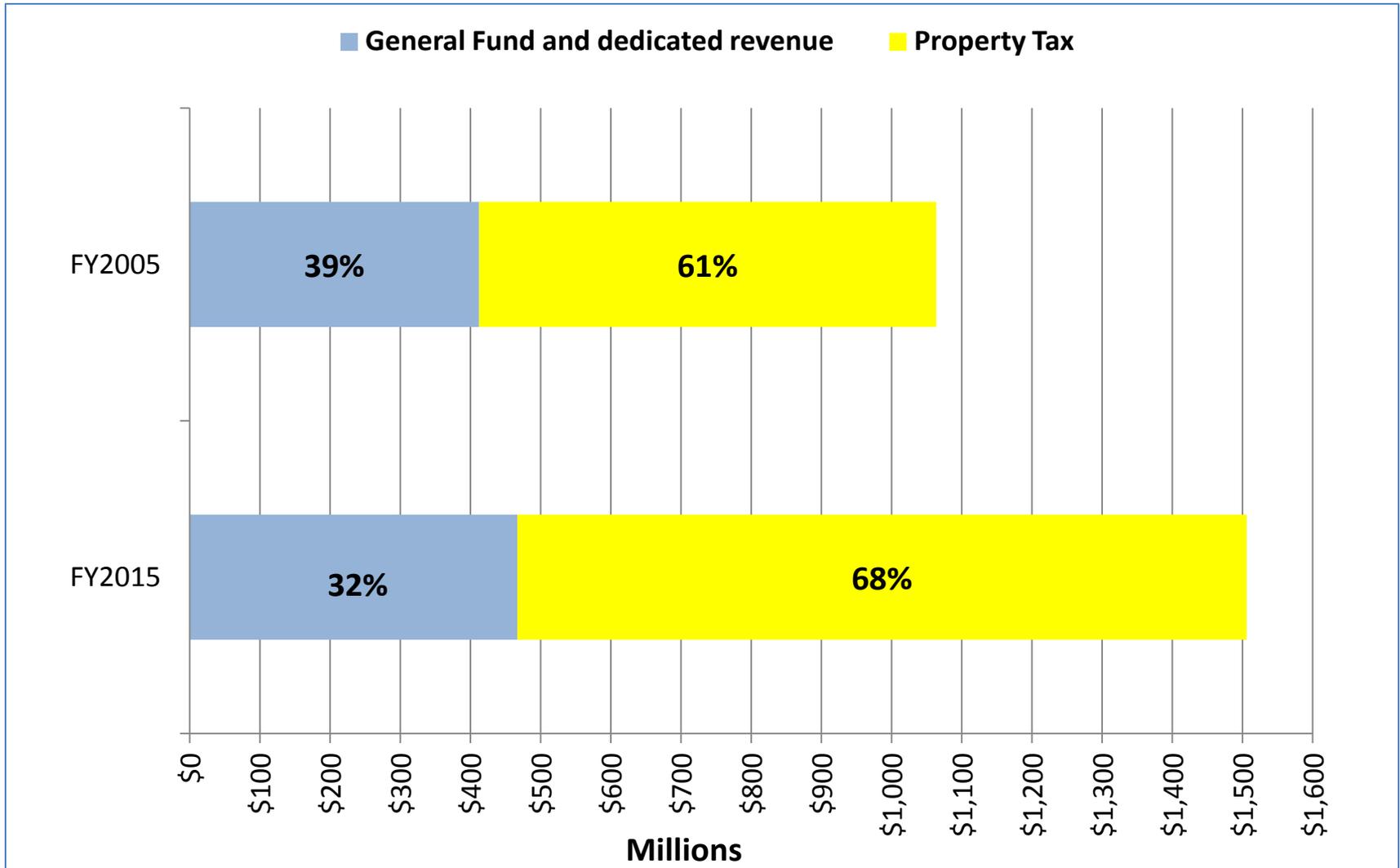
Tax Policy

The fundamentals of Act 60/68 provide a sound basis for funding education.

The system is complex and many voters cannot understand the disconnect between the budget and the tax bill.

The percentage shift between broad based taxes and property taxes is unacceptable.

Education Fund Revenue by Source: General Fund and Dedicated Tax Revenue vs. Property Taxes



Source: Vermont Joint Fiscal Office

Tax Policy—What Can Be Done?

Revisit excess spending definition—clarify for voters how calculated and the consequences

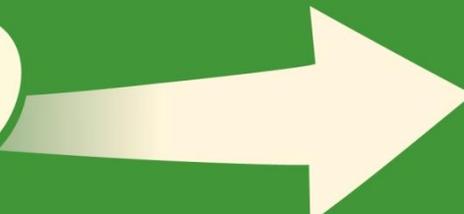
Revisit details of the inner workings of the education formula and perceived protections for large and small schools

Education Spending, Equalized Pupils,
Small Schools Protections, etc.

Commit to a different balance between tax sources—
broad-based and property



VERMONT SCHOOL BOARDS:
MOVING EDUCATION
FORWARD



— A message from the Vermont School Boards Association —