



TO: Education Finance Subcommittee of the Commission on the Future of Public Education

FROM: Sue Ceglowski, Executive Director, Vermont School Boards Association  
Chelsea Myers, Executive Director, Vermont Superintendents Association  
Heather Bushey, President, Vermont Association of School Business Officials

RE: Short-Term Cost Containment Considerations for the 2025 Legislative Session

DATE: September 30, 2024

[Act 183 of 2024](#) requires the Commission on the Future of Public Education in Vermont to prepare and submit a written report containing its preliminary findings and recommendations, including short-term cost containment considerations for the 2025 legislative session, on or before December 15, 2024.

In mid-August, the Vermont School Boards Association (VSBA), Vermont Superintendents Association (VSA) and Vermont Association of School Business Officials (VASBO) issued a [Collaborative Budgeting Memo](#) to our members to assist them with the challenges that lie ahead for FY2026. Budgeting for FY2026 is underway, and education leaders are contending with difficult decisions on behalf of the students and families they serve and Vermont's taxpayers. It is imperative that any recommendations impacting FY2026 occur as soon as possible to be the least disruptive as possible to local school budgeting. As these decisions are made, it is critical not to lose sight of the growing needs of students, ensuring that school districts have the necessary resources to support those needs, even amidst potential efforts to cut costs.

In the spirit of that urgency and continued collaboration, the VSBA, VSA and VASBO believe that the most impactful change in the short-term will come from addressing [cost drivers](#) rather than mechanisms that enforce cost suppression without consideration for equity and quality. These cost drivers include:

1. **Personnel:** The majority of school district expenses are personnel costs. In simple terms, the factors that contribute to personnel costs are:
  - a. The number of personnel employed.
  - b. The salaries and wages paid to those employees and the rate of annual growth of these costs.
  - c. The costs of benefits provided to employees and the rate of annual growth of these costs.
2. **Facilities:** In January 2024, the Agency of Education stated that immediate facilities needs for the state totaled \$228,613,264 and placed total costs at \$6,352,324,952.

These figures, according to the Agency, are likely an underestimate. There are 288 public schools serving 83,000 students. There are districts considering school reconfiguration provisions as part of their FY2026 budget process but there is significant local opposition to closing schools despite school board and administrative support.

3. **Tuition:** According to statewide data, districts paid a total of \$83.3 million in tuition to approved private providers (excluding pre-k providers) and another \$14.3 million went to out-of-state schools in FY2023. For every student educated outside the public education system, it drives up the cost per pupil within the system. This directly increases property tax rates.

In addition to these cost drivers, the Commission should closely examine revenue sources of the Education Fund. According to the National Center for Education Statistics, when excluding federal revenue, state revenues constitute 51% of the funds dedicated to support K-12 education nationally<sup>1</sup>. In Vermont, state sources of revenue (non-property-tax revenues) comprise 36% of revenues in the Education Fund.<sup>2</sup> To reduce the burden on property-tax payers, Vermont should either remove costs that are not overseen or managed by local school districts from the Education Fund or add new revenue streams that bring Vermont closer to the national average.

We urge you to find common ground, have the courage to act and recognize the cost of inaction. We must honor the complexity of the issues we face and not assume that inaction comes without consequences. Let us commit to doing what we can now. Please let us know how we can support your efforts and how best to communicate with you moving forward.

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<sup>1</sup> National Center for Education Statistics, [Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2021–22 \(Fiscal Year 2022\)](#); Table 1: Source of revenues and type of expenditures for public elementary and secondary education, by state or jurisdiction: FY 2022.

<sup>2</sup> Vermont Joint Fiscal Office, Preliminary Education Fund Outlook for FY23, July 27, 2022.