

Policy Suggestion	Policy Goal	Earliest Effective Date	Date to Curb Costs	Fiscal Impact	Discussion	Guiding Principles	Policy & Data Needs for Effective Policy Implementation
Improve Ed Quality and Reduce Costs							
Tuition (Education Policy)							
Require school districts to designate up to three public schools if they close a school to limit expansion of tuition vouchers	Realizing economies of scale within public schools in order to bring down costs overall. While efforts to potentially consolidate the delivery system are underway, it is important to not inadvertently expand the number of entities funded. This legislation would be preventive rather than decidedly have an immediate cost impact. Realizing economies of scale within public schools in order to bring down costs overall. While efforts to potentially consolidate the delivery system	FY26	N/A	Low	Some rural communities may not have access to three public schools within geographic proximity. Designed to strengthen public schools, prevent perverse incentives and costs in the future. This may influence school facility planning decisions, particularly in areas with limited geographic public school alternatives. Goes hand in hand with consolidation and class size conversations. Need to explore issues of availability and capacity in public schools. Some rural communities may not have access to three public schools within geographic proximity.	Equity and Affordability	Location of schools
Limit tuition payments to average announced tuition including for public schools, including guarantee that taxpayers don't pay more than private pay.	Equity between public and private schools Ensure districts that do not operate schools do not have significant cost increases outside their control. In school systems that tuition a large portion of their students to private schools, this is a measure that can have a significant impact on maintaining quality of the operating schools within the district. Equity between public and private schools Ensure districts that do not operate schools do not have significant cost increases outside their control. In school systems that tuition a large portion of their students to private schools, this is a	FY26	FY27	Minimal statewide ~\$7 Million Significant in some districts Minimal statewide ~\$7 Million Significant in some districts Minimal statewide ~\$7 Million Significant in some districts	The net fiscal impact on sending and receiving districts' education is unclear. Unclear how school districts may change tuitioning decisions based on policy changes The net fiscal impact on sending and receiving districts' education is unclear. Unclear how school districts may change tuitioning decisions based on policy changes The net fiscal impact on sending and receiving districts' education is unclear. Unclear how school districts may change tuitioning decisions based on policy changes	Equity and Affordability	What school do this? Where do students go? What tuitions are paid?
Personnel (Education Policy)							
Establish optimal school sizes	Cost containment Economies of scale for quality delivery and increased opportunity Cost containment Economies of scale for quality delivery and increased opportunity Cost containment Economies of scale for quality delivery and increased opportunity	FY26	FY28	high; staffing costs are largest driver of ed fund growth Scale depends on the parameters of the policy high; staffing costs are largest driver of ed fund growth Scale depends on the parameters of	Need to guard against expansion of tuitioning as a result (could incentivize move to independent schools). Could create incentives for contracted services Achieving scale could reduce staffing shortage ("right sizing") Loss of community centers Transition to different delivery models are complex Need to fund conversions, could cost more in the short-term before efficiencies may be realized Need to guard against expansion of tuitioning as a result (could incentivize move to independent schools).	Quality and Sustainability	
Merge small schools and districts	Cost containment Economies of scale for quality delivery and increased opportunity Cost containment Economies of scale for quality delivery and increased opportunity Cost containment Economies of scale for quality delivery and increased opportunity	FY27	FY28	high; staffing costs are largest driver of ed fund growth high; staffing costs are largest driver of ed fund growth high; staffing costs are largest driver of ed fund growth	Merged districts are better able to share resources, CBA's, transportation, etc. Political will Without other cost containment strategies, history shows us that districts will spend cost savings when they are available. Transition to different governance structures are complex; need to fund conversions, could cost more in the short-term before efficiencies may be realized Needs to have sound state driven reasoning behind it Need to address SUs and whether that is an efficient structure Rulemaking timelines Legislature needs to create enforcement capacity so policy is equitably implemented in all districts/schools. Need to define rurality Merged districts are better able to share resources, CBA's, transportation, etc. Political will Without other cost containment strategies, history shows us that districts will spend cost savings when they are	Quality and Sustainability	
Address Staff to Student ratios and class size minimums in the Education Quality standards to help districts come into alignment and reduce costs.	Realizing economies of scale within public schools in order to bring down costs overall. Provides optimal and efficient groupings for instructional delivery Realizing economies of scale within public schools in order to bring down costs overall. Provides optimal and efficient groupings for instructional delivery Realizing economies of	FY26	FY26/FY27	Medium, while staffing costs are largest driver of ed fund growth EQS compliance is limited	Need clear definitions of "staff" and "class" and data aligned with those definitions in order to make decisions. Even if this did not change until after FY26 budgets are approved, if districts have an idea of what the standards are likely to be, they will begin movement towards the goals in this budget season. Need clear definitions of "staff" and "class" and data aligned with those definitions in order to make decisions. Even if this did not change until after FY26 budgets are approved, if districts have an idea of what the standards are likely to be, they will begin movement towards the goals in this budget season. Need clear definitions of	Sustainability	

Additional administrative support/standards from AoE to reduce district level admin costs/needs		FY27		Low	Impacts tradition of local control Requires a high functioning AOE and the authority for the Agency to enforce Impacts tradition of local control Requires a high functioning AOE and the authority for the Agency to enforce Impacts tradition of local control Requires a high functioning AOE and the authority for the Agency to enforce	Equity and Affordability	
Board of Cooperative Education Services (BOCES)	Intended to be a more cost effective model to ensure compliance with mandates	FY28		Cost containment, not cost savints.	Based on information presented, not clear how this additional administrative structure will lower costs across the state. Under the enabling legislation from 2024 SDs/SUs must decide if they will pursue a cooperative board by July 1, 2026 Requires a high functioning AOE and the authority for the Agency to communicate, enforce standards Narrow focus to specific EQS. Collective bargaining agreements and Governance Structures would need amending Based on information presented, not clear how this additional administrative structure will lower costs across the state.	Quality and Sustainability	
Health care costs (Education Policy)							
Reference based healthcare costs		FY27	FY28	Unclear	Not sure this is a good idea. Could impact healthcare access even further than it is already strained.	Affordability	
Return health care to local districts to bargain	Provide districts with the ability to negotiate total compensation.	FY27	FY28	Minimal	Minimal given that total costs wouldn't be impacted. VEHI plan design is not within the control of local boards. District capacity to bargain varies. Increasingly complex for local school board members with limited expertise. Pair benefits with the bargaining process. Minimal given that total costs wouldn't be impacted. VEHI plan design is not within the control of local boards. District capacity to bargain varies. Increasingly complex for local school board members with limited expertise.	Non-equity	
Revise current statewide bargaining	Reduce current costs, and potential for growth in costs over time. Allow for reasonable negotiations to actually occur. Reduce current costs, and potential for growth in costs over time. Allow for reasonable negotiations to actually occur. Reduce current costs, and potential for growth in costs over time.	FY26	7/27	Minimal but plan change could reduce costs	Might just shift costs rather than reducing if other incentives don't change behavior	Affordability, Equity	
Student Need (Education Policy)							
Mandate cost limits for therapeutic schools in Vermont	Ensuring private providers are held to the same efficiency expectations as public schools. Transparent process for tuition setting good for equity and oversight Ensuring private providers are held to the same efficiency expectations as public schools. Transparent process for tuition setting good for equity and oversight	FY27	FY28	Low but a rapidly growing cost area	Need to have a way to authorize or approve certain costs for high needs students. May limit therapeutic school's ability to deliver services or remain solvent. Unclear if districts could fill in the gaps that might be left. This might not be the solution but what is? There needs to be a better continuum of services. Impacted by district capacity to meet special ed services, revise IEPs, and meet federal law Need to have a way to authorize or approve certain costs for high needs students. May limit therapeutic school's ability to deliver services or	Equity and Affordability	What isn't working with AOE's current model https://education.vermont.gov/sites/aoe/files/documents/edu-fy24-annual-tuition-rate-report.pdf What isn't working with AOE's current model https://education.vermont.gov/sites/aoe/files/documents/edu-fy24-annual-tuition-rate-report.pdf
Mental Health Costs	Identify effective intervention				Who is the right provider for these services? Are we leveraging Medicaid funding? Who is the right provider for these services?	Equity and Affordability	
Implement upstream changes to special education service delivery	Increase quality of services Decrease costs for staffing and contracted services Decrease use of paras Increase quality of services Decrease costs for staffing and contracted services Decrease use of paras	In current law (Act 173)	FY27	Unclear; schools must maintain federal MOE requirements	Implementation challenges have already hindered the full realization of Act 173 Districts are legally obligated to provide services in an IEP; it takes time to change service deliver models. Requires monitoring, oversight and technical assistance AOE capacity has limited its ability to provide necessary professional development at scale. Implementation challenges have already hindered the full realization of Act 173	Affordability and Quality	
Facilities (Education Policy)							
School construction	Current facility need cost estimates are based on in-kind replacement scenarios and do not reflect any other educational landscapes or building arrangements.	FY26	FY26/FY27	If a funding source was located for this, it could reduce burden on local budgets.	Districts now need to either have capital reserves or take bonds for construction. A new funding source could potentially reduce maintenance costs in local budgets. Necessary for school consolidation efforts and in fact may create an incentive for optimizing delivery models/size. Districts now need to either have capital reserves or take bonds for construction. A new funding source could potentially reduce maintenance costs in local budgets. Necessary for school consolidation efforts and in fact may create an incentive for optimizing delivery models/size.	Equity and Affordability	

Education Fund Structural Changes (Tax Policy)							
Defining Education Fund Expenses							
Move expenses not within the control of local districts outside of the Education Fund ("education spending only")	<p>Provide better delineation between state and local responsibilities with increased accountability at both levels.</p> <p>Can limit the demand on the Education fund to only costs that align with direct instructional support and associated administration.</p> <p>Increased accountability</p> <p>Reduce property taxes</p> <p>Clarify relationship between voter decisions and tax rates</p> <p>Provide better delineation between state and local responsibilities with increased accountability at both levels.</p>	FY26	FY26	Variable/neutral	<p>Unclear if the General Fund has capacity for this</p> <p>Difficult to define what is or is not within district control</p> <p>Fiscal impact depends on what is moved and could impact General Fund pressures</p> <p>GF capacity must be capable of delivering these services in a robust way and/or budgeting strategies must change to prevent the same mission creep currently occurring.</p> <p>Unclear if the General Fund has capacity for this</p> <p>Difficult to define what is or is not within district control</p> <p>Fiscal impact depends on what is moved and could impact General Fund pressures</p> <p>GF capacity must be capable of delivering these services in a robust way and/or budgeting strategies must change to prevent the same mission creep currently occurring.</p>	Equity	
Add a statutory requirement for new programs and mandates to have a sustainable funding source, other than the ed fund and raising costs on local district budgets.	<p>Reduce pressure on the property tax and/or local school budgets to support state spending decisions.</p> <p>Reduce property taxes, clarify relationship between voter decisions and tax rates</p> <p>Reduce pressure on the property tax and/or local school budgets to support state spending decisions.</p> <p>Reduce property taxes, clarify relationship between voter decisions and tax rates</p>	FY26	FY26	Decreases growth potential for budgets because new mandates must have funding other than the Educ Fund.	<p>Difficult to mandate for future legislative sessions.</p> <p>Legislature could ignore this mandate. Difficult to mandate for future legislative sessions.</p> <p>Legislature could ignore this mandate.</p>	Affordability	Does this include federal requirements?
Funding Formula Change (Tax Policy)							
Eliminate new calculation using statewide CLA and allow the old method to continue at least for FY26.	<p>Does not curb costs, but allows districts to budget and communicate with constituents consistently.</p> <p>Clarify relationship between voter decisions and tax rates</p> <p>Does not curb costs, but allows districts to budget and communicate with constituents consistently.</p> <p>Clarify relationship between voter decisions and tax rates.</p>	FY26	FY27	Potential for increased ed spending and taxes	<p>Allows districts to build budgets with consistency.</p> <p>Without statewide adjustment, yield would be higher for FY26, which may inaccurately suggest additional tax capacity.</p> <p>Doesn't change tax rates or costs.</p> <p>Unclear if this is possible given that December 1st letter incorporates current law.</p> <p>Changing the calculation with no direct correlation to saving any funds, or increasing outcomes builds confusion and a lack of trust.</p> <p>Allows districts to build budgets with consistency.</p> <p>Without statewide adjustment, yield would be higher for FY26, which may inaccurately suggest additional tax capacity.</p> <p>Doesn't change tax rates or costs.</p> <p>Unclear if this is possible given that December 1st letter incorporates current law.</p> <p>Changing the calculation with no direct correlation to saving any funds, or increasing outcomes builds confusion and a lack of trust.</p>	Transparency?	
Better tie local votes of reduced local spending to district tax rate reductions	<p>Ensure fiscal benefits accrue to districts who moderate spending.</p> <p>Attempts to mitigate incentives that lead to higher spending in the system as a whole. Ensure fiscal benefits accrue to districts who moderate spending.</p> <p>Attempts to mitigate incentives that lead to higher spending in the system as a whole.</p>	FY26	FY27	Variable	<p>How will we ensure equitable access to funds at the student level?</p> <p>Unclear if shifted incentives would change behavior.</p> <p>Brigham decision compliance.</p> <p>Should be part of a more holistic approach to updating the funding formula to ensure all policy goals of the State are addressed, including Constitutional mandates</p> <p>How will we ensure equitable access to funds at the student level?</p> <p>Unclear if shifted incentives would change behavior.</p> <p>Brigham decision compliance.</p> <p>Should be part of a more holistic approach to updating the funding formula to ensure all policy goals of the State are addressed, including Constitutional mandates</p>	Transparency?	
Tailor excess spending penalty or pursue allowable growth rates	<p>Reduce spending.</p> <p>Clarify relationship between voter decisions and tax rates.</p> <p>Ensure excess spending penalty is an effective lever in all districts, regardless of size, by focusing on cost drivers (personnel, facilities, tuition) as opposed to ed spending per pupil.</p> <p>Reduce spending.</p> <p>Clarify relationship between voter decisions and tax rates.</p> <p>Ensure excess spending penalty</p>	FY26	FY27	Variable (behavioral)	<p>Depending on how the penalty is designed, will have impacts on # of personnel employed, # of buildings operated, etc.</p> <p>How are appropriate targets set and updated;</p> <p>How is Brigham adhered to if districts can opt to spend more than the "direct payment" amount.</p> <p>Depending on how the penalty is designed, will have impacts on # of personnel employed, # of buildings operated, etc.</p> <p>How are appropriate targets set and updated;</p> <p>How is Brigham adhered to if districts can opt to spend more than the "direct payment" amount.</p>	Affordability	

Foundation Formula: Set clear targets for appropriate per pupil spending and set education fund incentives to meet that best practice via direct payments to districts	Reduce education spending in some districts and increase it in others. Increase equity. Simplify formula. Increase quality.Reduce education spending in some districts and increase it in others. Increase equity. Simplify formula. Increase quality.	FY26	FY27	Unclear	How are appropriate targets set and updated? May violate Brigham if districts can choose to spend above the targets? Complete change in existing system; transition between budgets would be difficult. Should be part of a more holistic approach to updating the funding formula to ensure all policy goals of the State are addressed, including Constitutional mandates. Serves as an incentive for districts to reduce costs and curb spending individually, however if those without scale are the only districts that do so, the net effect on the education fund is minimal. Other cost drivers would need to be reduced to minimize impact of transition and give districts the budgeting flexibility they need.How are appropriate targets set and updated? May violate Brigham if districts can choose to spend above the targets? Complete change in existing system; transition between budgets would be difficult. Should be part of a more holistic approach to updating the funding formula to ensure all policy goals of the State	Equity and Affordability	
Adjust Non-Property Tax Revenues							
Add more revenue from existing non-property tax sources	Reduce pressure on the property tax to support combined state and local spending	FY26	FY26	Variable	There are other competing needs in the state. Doesn't reduce overall tax burden; each tax proposal will have a unique impact. New revenue is rarely available in the year it is passed. Most taxes are less progressive than the property tax. There are other competing needs in the state. Doesn't reduce overall tax burden; each tax proposal will have a unique impact. New revenue is rarely available in the year it is passed. Most taxes are less progressive than the property tax.	Equity, Quality, Sustainability	
Transfer revenue	Shifting burden of education tax. Reduce property taxes.	FY26	FY26	Variable; not a sustainable solution	Identifying a sustainable funding source or using revenue as a bridge to a new funding, governance, and delivery model may be needed for short term relief. Only changes tax rates, it doesn't change overall costs or liability Doesn't reduce overall tax burden; reduces available General Fund revenues which may not be available.	Equity, Quality	
Diversify revenue sources for the Ed Fund to ensure alignment with national average of state support for school budgets	Reduce pressure on the property tax to support combined state and local spending.	FY26	FY26		Other competing needs. Identifying sustainable funding source(s). Is the revenue mix the right combination? If education spending was in line with other states, property tax revenue as a % of other sources may be more in line with other states.	Affordability and Quality	
Expand sales tax to services	Shifting burden of education tax. Reduce pressure on the property tax to support combined state and local spending	FY26	FY26	Variable	Small expansion to services could be implemented in FY26, but broad scale expansion would take longer. Doesn't reduce overall tax burden; each tax proposal will have unique impact This only changes tax rates, it doesn't change overall costs or liability. Regressive tax that may not bring in much revenue?	Quality and Sustainability	
Tax individuals with adjusted gross income of more than \$1,000,000	Reduce pressure on the property tax to support combined state and local spending thereby shifting the burden of education tax.	FY26	FY27	Variable but potential of ~70M	Does not reduce overall tax burden; economic harm; each tax proposal will have unique impact. Impacts on out-migration from the state. Variability/unpredictability year to year This level only changes tax rates, it doesn't change overall costs or liability	Equity and Quality	Is this an income tax surcharge, not a tax on unrealized gains?
Property tax surcharge on second homes	Shifting burden of education tax Reduce pressure on the homestead property tax and landlords/tenants to support combined state and local spending	FY26	FY27	Dependent on scale of new rate	Dependent upon splitting non-homestead into its component parts. Potential to reduce second home ownership.	Equity, Quality, Sustainability	
Income based tax for education	Reduce pressure on the property tax to support combined state and local spending. Tax fairness	FY26	FY27	One third of fund	Other competing needs. Technically complicated, less stable base. Impacts on out-migration from the state. Ability to implement.	Equity, Quality, Sustainability	