State of Vermont
Vermont Department of Education
120 State Street
Montpelier, VT 05620-2501

MEMORANDUM

To: **Superintendents, Technical Center Directors, School Board Chairs, Principals and Business Managers**

From: **Armando Vilaseca, Commissioner**

Re: **FY2012 Budget**

Date: **June 7, 2010**

I am sending this memo as advanced notice of an important FY 2012 budget issue all school districts, supervisory unions and technical centers must face.

An Act Relating to Implementation of Challenges for Change, H. 792, has recently been signed by the Governor. The purpose of the legislation was to respond positively to our significantly reduced state revenues resulting from the severe recession we have experienced. This legislation identifies key outcomes for state government programs and how those will be accomplished with reduced funding.

Education's challenges are spelled out in section E1 of the legislation, and are attached to this memo. This provision requires that the commissioner send to each supervisory union or district and the three technical center school districts an education spending reduction target for FY 2012 averaging 2 percent below the FY 2011 education spending amount by **August 1st** of this year. Each supervisory union will then need to determine how those reduction targets will be distributed among its member districts, the supervisory union assessment, and any technical center assessment.

In setting the reduction targets, I am required to look at a number of factors which could indicate a particular target will be more or less than 2%. Once you receive your target, you will have until **December 15, 2010** to tell me whether your budgets will meet the reduction. By **January 15, 2011**, I am charged with reporting any shortfall to the Legislature with a detailed proposal by which the Legislature can ensure that the targets will be met in FY 2012. The total reduction required is $23.2 million below the education spending amount in FY 2011.

In FY 2010 and FY 2011 the education fund was subsidized each year by $38.6 million of federal recovery funds. This subsidy will no longer be available in FY 2012, and it is expected that the General Fund transfer will not be able to make up the complete gap. This is the primary reason why school districts, supervisory unions and technical centers are being asked to make this reduction. My staff will continue to update you as information becomes available.

*** * E. Education Challenge * * ***

Sec. E1. RESTATEMENT OF OUTCOMES FOR EDUCATION CHALLENGE

The outcomes for education for the focus on learning and special education challenges, each of which outcomes is equally important, are:

1) Increase electronic and distance learning opportunities that enhance learning, increase productivity, and promote creativity.

2) Increase the secondary school graduation rates for all students.

3) Increase the aspiration, continuation, and completion rates for all students in connection with postsecondary education and training.

4) Increase administrative efficiencies within education governance in a manner that promotes student achievement.

5) Increase cost-effectiveness in delivery of support services for students with individualized education plans.

6) Increase the use of early intervention strategies that enable students to be successful in the general education environment and help avoid the later need for more expensive interventions.

Sec. E2. REDUCTION IN EDUCATION SPENDING; FISCAL YEAR 2012; TARGETED RECOMMENDATIONS

a) The general assembly recognizes the excellent work performed by school boards to control the growth of education spending in fiscal years 2008 through 2011. Fiscal realities at the state, federal, and international levels demand that school districts continue to exercise fiscal restraint in FY 2012 and beyond.

b) The Education Challenge is to reduce education spending in FY 2012 so that it is $23,200,000.00 less than in FY 2011, which is approximately a two-percent reduction in education spending statewide, while achieving the outcomes for education set forth in Sec. E1 of this act.

c) In order to achieve a two-percent reduction in education spending statewide, the commissioner of education shall determine and allocate a -recommended individualized amount of reductions in FY 2012 education spending to each supervisory union and to each technical center district, which in the aggregate shall total $23,200,000.00. When developing the recommended individualized education spending reductions, the commissioner shall consider factors in each supervisory union, each district within the supervisory union, and each regional technical center such as:

1) demonstrated fiscal restraint;

2) per-pupil administrative costs;

3) student-to-staff ratios;

4) the percentages of students from economically deprived backgrounds or for whom English is not the first language or both; and

5) other unique circumstances that affect education spending.

d) On or before August 1, 2010, the commissioner shall notify each supervisory union and technical center district of the recommended individualized amount by which FY 2012 education spending should be reduced below FY 2011 education spending.

e) Within each supervisory union, school boards shall work jointly to attempt to achieve the recommended individualized education spending reduction through the combined budget reductions of the supervisory union, all school districts within the supervisory union, and any technical center hosted by a school district. The boards of the supervisory union and each district within it shall notify the commissioner on or before December 15, 2010, whether their combined budgets will be able to meet recommended reductions. Also on December 15, 2010, each technical center district shall notify the commissioner of its ability to meet the recommended reduction allocated to it under subsection (c) of this section. The commissioner shall transmit this information to the senate and house committees on appropriations and on education, the senate committee on finance, and the house committee on ways and means. On or before January 15, 2011, the commissioner shall report to these committees with the total projected amount by which FY 2012 budgets will fail to meet the necessary reductions, together with a detailed proposal by which the legislature can ensure that the targets will be met in FY 2012. In addition, the commissioner shall post the recommended individual spending amounts and actual approved budgets for each supervisory union, with a breakdown for each budgeting entity within it, and technical center district on the department of education's website on or before July 1, 2011.

f) Budget reductions shall be achieved through structural changes and administrative efficiencies.