

To: Vermont Commission on the Future of Public Education
From: Burr & Burton Academy, Lyndon Institute, St. Johnsbury Academy, Thetford Academy
Date: November 4, 2024

Thank you for your commitment and thoughtful approach to the difficult tasks you have been assigned.

As Vermont's largest independent schools, we play a key role in the education of Vermont students in some of the most rural parts of the state. We applaud the Commission for your commitment to the principles of Equity, Quality, and Sustainability and Affordability as you approach your important work. We share the same commitment to these principles in our work, and it is within this context that we offer comments regarding short-term cost containment strategies.

Sustainability & Affordability

We agree with the Commission that public education in Vermont must be sustainable and affordable for Vermont taxpayers. Each of our schools enjoys a strong relationship with the communities that we serve. Our trustees are committed to delivering an equitable, high-quality education for all of our students at a tuition rate that is sensitive to the economic conditions our communities face.

As you explore the impact of independent school tuition on the overall growth in education spending, we encourage you to first consider the fact that ***only 4% of publicly funded students are served by independent schools***¹ - and most of those are served by one of our four schools. Some advocates would like the Commission to spend most of its time exploring options to squeeze savings out of 4% of Vermont's student body, but in even the most extreme scenarios - such as the complete elimination of tuition to independent schools - necessary large scale, sustainable cost savings are not achievable in this equation.

In addition to considering the proportion of independent school tuition expenses relative to overall state education expenditures, we recommend that the Commission look at the growth of tuition rates vs. statewide expenditures. Between FY23 and FY25 (a two-year period), our four schools have raised tuition rates per pupil by an average of 11.6%; this equates to an ***average annual increase of less than 6% over the past two years***². During that same two-year period,

¹ Source: [Staffing & Spending Analysis](#), October 28, 2024 (Vermont AOE)

² Source: 2022-2023, 2023-2024, 2024-2025 [Announced Tuition Reports](#) (Vermont AOE)

expenditures from the State Education Fund grew by 18.5% (\$1.961B in FY23 to \$2.325B in FY25) in absolute terms, and more than 20% on a per pupil (unweighted ADM) basis.³

Vermont's changing demographics have pressured public and independent schools alike. Market forces stemming from declining enrollment have resulted in a 15% reduction in the number of approved independent schools in Vermont between 2005 and 2024.⁴ Vermont's remaining independent schools have had to find creative ways to control per pupil expenses, while continuing to deliver equitable, high-quality programs. While some organizations seek to animate the "privatization" boogeyman as a distraction, this important conversation needs to be grounded in the reality that Vermont law prohibits the approval of any new independent schools in Vermont. Nobody in Vermont's independent school community is advocating for the privatization of our public school system. Our collective efforts are better spent focusing on the shared challenges facing all Vermont schools.

We establish a tuition rate each year based on best estimates of student enrollment and the operating expenses associated with enrollment projections, coupled with sensitivity to taxpayer affordability. When we anticipate declining enrollment, we make necessary adjustments to our cost structure during our budgeting process. Notably, our tuition rates are not buffered from sudden or unanticipated enrollment changes - the existing structure drives us to take immediate action to ensure that our cost structure is in balance with current enrollment. This forces us to contain the growth rate in our tuition increases.

Independent schools confront the same cost pressures faced by public school districts, which largely revolve around the cost of personnel, including health care benefits. Every year we make difficult decisions about the number of staff we can afford to employ, what we can afford to pay them, and what benefits we can provide. Actions our schools have taken to control costs include common strategies such as implementing reductions in costly, under-utilized program offerings; moderating the growth of staff compensation; and leveraging natural staff attrition to allocate resources efficiently.

Perhaps most significantly, we have found that VEHI has structural challenges that make it difficult to control the cost of health insurance. Like public school districts, we have experienced double digit increases in health insurance costs year over year. Independent schools around the state have left VEHI or are exploring alternatives in order to reduce this tremendous cost burden. ***We are seeing significant healthcare cost savings (not just a reduction in the growth rate) with alternatives***, so this may be an area for the Commission to evaluate statewide. We recognize that

³ Source: Analysis of Data from JFO [Education Fund Outlook for FY 2025](#), July 31, 2024

⁴ Source: Directory of Independent Schools, March 2005 (Vermont DOE) and March 2024 (Vermont AOE)

this may lead to difficult conversations, but the potential for significant cost savings is very real, and we will not achieve those without making difficult decisions.

We have employed fiscal and financial responsibility, and we will continue to do so in partnership with our local education leaders. We welcome opportunities for collaboration as we all work to achieve our collective goals.

Equity

The Commission has identified three core aspects of equity guiding its approach:

- Equity does not mean equal/same.
- solutions with an equity focus must be differentiated by need; and
- Equity must be considered both in terms of inputs (access) and outputs (outcomes).

Every community in Vermont is unique, and the needs of students in our communities are just as unique. Our schools have developed our programs to meet these needs. Our costs, and therefore our tuition rates, reflect these differentiated needs.

At your October 21, 2024 meeting, the Vermont School Boards Association (VSBA), the Vermont Superintendents Association (VSA), the Vermont Association of School Business Officials (VASBO) and the Vermont Principals Association (VPA) put forward proposals that would force school districts to reduce the tuition they pay our schools and then cap annual tuition rates at the Average Announced Tuition (AAT) rate. ***We oppose these proposals.***

The inherent flaws with AAT are fully explained in the memo Oliver Olsen submitted to the Commission on October 21, 2024. We would reiterate two key points:

1. AAT does not reflect the cost of educating our students. It is an average of forward-looking estimates that are often not grounded in reality. This is demonstrated by the fact that the average net per pupil costs in public school districts consistently come in significantly higher than the AAT. Capping our tuition at AAT would significantly under-fund education in the dozens of struggling rural communities we serve, while delivering what amounts to a rounding error (approximately 0.2%) in cost savings to statewide education spending. The negative impacts for our students would be incalculable and would lead to significant inequity across the system - effectively penalizing rural communities. How is it equitable to limit what a rural school district can pay an independent school, but not require more densely populated school districts to make equivalent cost reductions?

2. Our schools serve publicly funded students from the most rural areas of our State. The rural character of the regions we serve presents significant challenges that as education leaders, we meet head on to overcome every day. These regions are large, sparsely populated, and lack public school infrastructure. Our schools have been meeting the needs of students in these areas for generations—well before the existence of any public education system. We serve families struggling with high levels of poverty, families and students who are unhoused, mental health and substance use needs, food insecurity, students with basic unmet needs such as clothing, health, dental, hearing and eye care. We supply necessities—food, clothing, counseling, health care—regularly for these students most in need. The struggles of our families can result in other challenges. For example, we see declining rates of literacy for students entering high school.

In whatever form they might be implemented, proposals to cap tuition at AAT are inconsistent with the Commission's working definition of equity. The Commission would be better served by focusing on areas that would result in a much greater, more meaningful reduction in costs, such as those we identified above.

We also need to correct misinformation that could lead the Commission to make erroneous assumptions about how AAT applies to independent schools vs. public schools. At the October 28, 2024 Finance Committee meeting, a member of the committee stated that “Public ones do have to abide by Average Announced Tuition - it’s the other independent entities that there are specific carve outs that allow for costs beyond that.”⁵ This is an incorrect statement and might lead the Commission to make recommendations that would be fundamentally inequitable.

Under current Vermont law⁶ school districts are required to “pay the full tuition charged its students attending a public high school in Vermont or an adjoining state” - and the data show that many public schools do.

In FY23, the AOE Final Allowable Tuition report shows that 56 of 76 school districts reported public school tuition rates that were higher than the FY23 AAT. An analysis of FY23 AOE statbook data shows that the highest tuition rate paid to any school in Vermont was \$25,241 paid to a public school - nearly \$8,000 higher than AAT. This same data shows that in FY23, Hanover High School, a New Hampshire public school, charged Vermont school districts a per pupil tuition rate of \$22,555 - more than \$5,000 higher than AAT.

As outlined above, we are all concerned about the impact of education spending on Vermont taxpayers, and we are working hard to keep tuition increases as low as we can, while maintaining

⁵ Commissioner Nicole Mace, October 28, 2024, Finance Committee Meeting, 2H:42M

⁶ [16 V.S.A. § 824\(b\)](#)

our commitment to equity and quality. We've made difficult decisions, and we welcome the opportunity to collaborate with our public school district partners on strategies to reduce education spending growth, while being responsive to the individual needs of the communities we serve.

Quality

All publicly funded Vermont students must be afforded high quality educational opportunities. Vermont's education system has evolved in different ways to meet the educational needs of our students. In each of the communities that we serve, the town tuition system has ensured that students have access to robust and diverse educational opportunities on par with what a student might expect to receive in a large public high school in a more densely populated region of the state.

Beginning in the 19th century, Vermont's independent schools have leveraged scale, innovation, and diversity to provide high quality offerings at a cost that taxpayers can afford. Historically, many of these small towns would never have been able to afford the cost of constructing and operating public schools on their own - our schools filled that gap and have been providing high quality education ever since.

Unlike public schools, ***we are not eligible for state construction aid***, which relieves Vermont taxpayers of a significant burden that would otherwise be tacked onto the multi-billion dollar school construction problem that Vermont is actively working to resolve. ***We continue to invest in high quality facilities and are doing so without any request for state capital construction aid.*** We rely on the hard work of maintaining appropriate capital reserves and leveraging our reputation as responsible stewards of important community assets to secure funding for continued capital investments. We would not be able to secure these investments if we weren't able to demonstrate a continued commitment to quality.

Our independence has allowed us to be nimble and creative, with strategies that have helped provide robust and diverse educational offerings that would otherwise be challenging to afford in a rural setting. For example, several of our schools have increased our scale and revenue base through the enrollment of students from all over the world. These private-pay students add to the diversity of our student body and help defray our fixed costs. The resulting economies of scale allow us to provide world class opportunities to rural Vermont students at significantly lower cost than we could otherwise sustain.

Our ability to attract and retain these private pay students is directly tied to the quality of our programs. We are already fully leveraging tuition from private-pay students to subsidize the programming that benefits all our students, including publicly funded students. If we are forced to compromise on quality, our schools become less attractive to prospective private-pay students;

the resulting enrollment decline would create additional pressure on our finances and require us to make further compromises on quality. This is a textbook example of a doom loop that we have already seen in rural public schools. We already know that this kind of loop has a disproportionate impact on vulnerable students in rural communities against which we should guard.

In closing, we ask the Commission to uphold the guiding principles of sustainability & affordability, equity, and quality and reject proposals, such as reducing and capping tuition rates (advocated by the VSBA, et. al.), that would harm students. Our schools are providing tremendous value to our local communities, at significantly lower cost than would be possible if we were to be replaced with equivalent public schools. We are helping to close the very real equity gap that exists between Vermont's rural and urban regions, by providing the kinds of high-quality educational opportunities that students in more urban areas take for granted. Forcing our schools to reduce tuition rates to levels below what most public schools are operating at would constitute a grossly inequitable attack on rural Vermont students.

Respectfully submitted,

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