



Education Finance Subcommittee - Commission on the Future of Public Education in Vermont

October 14, 2024, 9:30 a.m. – 1:30 p.m.

Microsoft Teams Virtual Meeting

Call In: 1-802-828-7667

Conference ID: 133 836 090#

1 National Life Drive, Davis 513

Montpelier, VT 05620-2501

DRAFT MEETING MINUTES

Subcommittee Members: Representative Emilie Kornheiser, Chair; Nicole Mace; Commissioner Craig Bolio; Michael Leichter; Senator Ann Cummings; Elizabeth Jennings; Interim Secretary Zoie Saunders; Megan Roy (Commission Chair)

AOE: Ted Gates, Sean Cousino, Nicole Lee, Emily Simmons, Johannes Haensch, Jill Briggs-Campbell, Roseanne Neddo, Maureen Gaidys.

Others: Jeanne Albert, Elaine Bellavance, Stephanie Betit-Hancock, Clare Buckley, Bridget Burkhardt, Representative Burrows, Heather Bushey, Mike Campbell, Sue Ceglowski, Chester Telegraph, John Clifford, Nancy Cornell, David S., Matthew DeGroot, Flor Diaz-Smith, Ashlynn Doyon, Bill Edgerton, Jeff Fannon, Emma Fedorchuk, Jake Feldman, Ken Fredette, Allen Gilbert, Kim Gleason, Jill Graham, Mark Hage, Jeanne Jensen, M. Kendrick, Mark Koenig, Representative Lanpher, Brad James, Jeanne Jensen, Margaret MacLean, Katrina Menard, Meghan Metzler, Ashley Moore, Chelsea Myers, Alison Novak, Lila Richardson, Julia Richter, Colin Robinson, Rebecca Sameroff, Bobby-Jo Salls, Elizabeth St. James, Abby Shephard

Call to Order, Roll Call, Amendments to the Agenda

Chair Kornheiser called the meeting to order at 9:36 a.m. She said the data review will be different than discussed. She shared that Nicole Lee is leaving the AOE, so the data review will need more time and as well as a strategy for resources. She reviewed the remainder of the agenda: history of education finance, organization of last meeting's brainstorm into a Gantt chart (this will be shared that the next meeting), discussion of a sampling of cost drivers and a presentation from the AOE on Community Schools, as Sanders' office was not available.

Approval of [Meeting Minutes from September 30, 2024](#)

Chair Kornheiser asked for approval of the meeting minutes and called the vote. The meeting minutes were approved.

Public to be Heard

There were none.

Data Review

Interim Secretary Saunders offered that the AOE has brought on New Solutions K-12 consultants to support with education finance policy, analysis and reporting. In a couple weeks, a report will be available with an overview of education funding system and that identifies how Vermont's education system compares to other states. She said it would be helpful to get some concrete recommendations from the Education Finance subcommittee for next steps. She said a more nuanced analysis allows for exemplars to be identified. Strategies need to support education quality, equity and sustainability. She asked what specific questions the subcommittee would like answered.

There was discussion on comprehensive data on cost drivers (high vs. low spending districts), special education, understanding where the money is being spent, perverse incentives, cost drivers on personnel, tuition payments, insurance, mental health services, and PCBs.

Discussion continued on reconciling the thoughtful process with the campaign rhetoric that the Commission is not going to move quickly enough, superintendents feeling the pressure that costs are up again and feeling anxious about the next legislative session, differentiating between short-, medium- and long-term solutions, sense of urgency and balance, needing to understand cost drivers before differentiating solutions, some data will not be available to the state, need to be mindful of capacity and timing, Medicaid billing, tailoring data to a policy, scale is an important consideration, and maximizing/braiding funds available.

Interim Secretary Saunders said the first report should be ready to share in a couple weeks and will address Vermont's education finance system and how that compares with other states. Chair Kornheiser asked about needing more resources. Interim Secretary Saunders explained said the Commission decided not to hire an education finance consultant, so the AOE went ahead and did so as it felt like that was needed. There is an appropriation for the Commission and the Commission might want to consider what additional expertise should be included.

Chair Kornheiser recessed for break at 10:08 a.m. and resumed at 10:31 a.m.

History of Education Finance Reform in Vermont

Chair Kornheiser welcomed Abby Shepard, Executive Policy Advisor, Vermont Department of Taxes. Shepard credited Peter Griffin, Jim Desmarais, Beth St. James for their work that is folded into this presentation. She walked through her presentation titled, "[History of Education Finance Reform in Vermont.](#)"

There was discussion on the Brigham decision being very readable, local control is a lever, the Vermont Constitution, "minimum" vs. "adequate" education, looking at state comparisons at the next meeting, not using the language (adequate and minimum) to label but considering the funding models, Roy v. State, excess spending thresholds and patterns of circling back.

Review of Policy Tools/Cost Drivers

Lowering healthcare costs

Chair Kornheiser asked to hear Salls' and Hage's perspective on what is working, not working and what could be done to lower costs and ensure quality. Mark Hage, Director Benefit programs, VT-NEA, and the Vermont Education Health Initiative (VEHI) Trust Administrator, and Bobby Jo Salls, VSBIT, Director of VEHI Programs and Human Resources, walked through their testimony, "[Background information on the Vermont Health Education Initiative \(VEHI\), Explanation of Major Factors Driving Rate Increases, and Potential Future Initiatives to lower costs and expand access to high-quality care.](#)"

There was discussion on growth of hospital costs in comparison to growth in prescription costs, hearing more about teacher health care costs vs. State of Vermont employee costs, plan design comparisons, referenced-based pricing and its impact, access to primary care/mental health/chronic disease management, centers of excellence, how quickly cost savings is realized when states move to referenced-based pricing, hospital prices is critical to health care reform, plan designs, and administrative costs (Health Savings Account management).

Chair Kornheiser asked to hear Koenig's and Campbell's perspective on what is working, not working and what could be done to lower costs and ensure quality. Mark Koenig, Chair of the Employer Commissioners, Commission on Public School Employee Health Benefits, and Mike Campbell, Co-chair for School Employees Health Care Commission addressed the subcommittee.

Koenig, spoke about the history and purpose of the Health Care Commission. He and Campbell decided that the extension is for two years, and this became a hot topic – they were one of many voices trying to make change. Campbell said there were historically adversarial relationships, and when there is more in common than in disagreement, that says something. The common goal is to have quality, affordable, accessible health care – and when that is ensured, competent, qualified staff can be kept in our schools. Everyone is a beneficiary of making positive reforms in the health care system.

Koenig said the plan is to have a change in the plans that are better and affordable. Campbell said they went toe to toe with negotiations and came out with a plan that is less high deductible and more traditional, but the culmination of costs is still difficult for many. He spoke about how paraprofessionals are making the least amount of salary and paying 20% of their premiums and that is impacting that particular group in a difficult way.

There was discussion on paraprofessionals leaving work in the schools and working for a Designated Agency, savings that could be realized, hoping to be part of something that moves more quickly, combining actuarial benefits of all public employees, who in which pools have the higher claims, collective voice for the pools, sensitive conversations will take place in this subcommittee, increasing health care costs is a national issue, and structure of plans and its impact on timeline.

Special Education/Act 173 (2018)

Chair Kornheiser invited Meagan Roy, previous Chair, Act 173 Advisory Group (Advisory Group) to address the subcommittee. Roy shared that Act 173 was designed to change the

funding mechanism for special education and this initiative came out of the funding study of special education. She explained how the reimbursement funding model was very inflexible and there was concern that it incentivized spending and was very burdensome from a documentation perspective. Act 173 was designed to improve practice and change the funding model. She reviewed the priorities of Act 173 and explained how its lifespan was delayed several times. The Advisory Group spent a lot of time on rulemaking and making recommendations for programmatic implementation. It is the opinion of the Advisory Group that implementation support did not meet its goals and there is still significant variability in the implementation of Multi-Tiered Systems of Supports (MTSS). If services are not improved, then it is likely that costs will not be reduced. Roy identified some specific cost drivers: 1) because spending is no longer reimbursed, districts have to spend those funds, and those costs go up but they receive less state special education support; 2) special education is where districts most often see mental health costs, and 3) independent schools who serve students with disabilities (SWD) still bill on a fee-for-service model and the independent schools defines that cost.

There was discussion on cost-shifting, accounting for mental health costs, extraordinary cost provision, cost pressure on smaller schools, extreme staffing challenges in special education, short-term fix could be in billing for general education therapeutic independent schools, challenge is level of scrutiny that the AOE does not have in law on how independent schools are funded, and having AOE provide an overview of special education delivery at the next meeting.

General Counsel Simmons spoke about different rules for the finances of students who attend an Independent School (IS) because their district does not operate a school or those who are placed through the individualized education program (IEP) team in an independent (therapeutic) school. Therapeutic schools charge tuition rates set by the AOE per statute and AOE does not have a lot of discretion/authority on rates. For non-operating districts, there are varying levels of student abilities, and all parties need to come to an agreement for each student for excess costs (services not included in the general curriculum).

Chair Kornheiser recessed for break at 12:34 p.m. and reconvened at 12:41 p.m.

Allowable Growth and Excess Spending

Brad James, former AOE Education Finance Manager, spoke about excess spending starting with Act 68 (2003) and this was because spending was increasing too fast. There was a thresholds figure and if spending-per pupil was over that, then you are essentially double-taxed. There were some exclusions. Spending per pupil, less exclusions was compared to the threshold, and then if you were over the threshold, that got back to the original spending per pupil. This worked for most districts. This continued for some time. Allowable growth came in relation to Act 46 implementation. Instead of giving a threshold, they calculated an allowable growth. Each district had its own target as opposed to a statewide threshold. There were two years; there were 18 districts that exceeded their threshold for FY18, and they were double taxed on the amount over. It works but doesn't impact all districts the same way.

There was discussion on if the public was aware of why their taxes increased, trajectory of overall spending growth and impact, spending per equalized pupil tends to insulate the

largest districts from downward pressure, one year of allowable growth and continuation of excess spending, political pressure, timelines, and being clear on short- and longer-term strategies, and the need for both funding and structural reform.

Community Schools

Chair Kornheiser said there are two pieces of Community Schools that are fiscally-related, 1) an opportunity for federal funds and more in the future and 2) the shift from some human service responsibility onto the schools – community schools could serve as a model for doing this as well as possible.

Johannes Haensch, AOE Student Pathways Division, shared a presentation, “[Community Schools in Rural Vermont](#)” that was delivered to the State Board of Education recently, in collaboration with Bernice Garnett, UVM, who was not able to be here today. There was discussion on mission-creep, dedicated funding source, and a systemic disconnect between schools and community partners.

Boards of Cooperative Education Services (BOCES)

Chair Kornheiser welcomed Stephanie Betit-Hancock, Director of Student Services, Windham Central Supervisory Union, and Board President of the Vermont Learning Collaborative, and Jill Graham, Executive Director, Vermont Learning Cooperative, who shared a presentation titled, “[Vermont Learning Collaborative](#).”

There were questions/discussion on opportunities for reducing overall statewide spending, alternative to out of district placement, adding another layer of governance, many services could be provided in a larger district, regionalization, and duplication of efforts.

Chair Kornheiser said the topic of School Construction would be postponed for a future meeting.

Next Steps/Planning for Future Meetings/Agenda Setting

Chair Kornheiser will join Monday’s full Commission meeting and provide the list from the brainstorm activity, share testimony received, publicly reprimand the short timeline, and speak to the challenge of short-term cost containment and the long-term systems change. Interim Secretary Saunders offered to share a presentation from the AOE consultant on how Vermont compares to other states at the next meeting. The Picus report will be released soon and discussed at the next meeting. Considering Vermont in the national context will be the theme for the next few weeks.

There was discussion on changes made to excess spending that will impact budgets and how many districts might be impacted, health care and special education (post December 15), cannot avoid long-term solutions in lieu of short-term solutions, costs of staffing/staffing levels by region, and school construction (working group update and bonding models).

Adjourn

Kornheiser adjourned the meeting at 1:37 p.m.

Minutes prepared by Maureen Gaidys.