

## Budget Book Review and Comments

The state board of education is required to review and comment on the agency budget (16 VSA 164).

The task is made difficult for several reasons: (1) The first 44 pages are primarily a review of federal programs over which the board no longer has control nor does it have appropriate background documents. Thus, the critical ombudsman, and check and balance functions are lacking. (2) The report, while being a useful and comprehensive description, does not meet contemporary standards for financial management. (3) It does not address the goals and priorities of the system such as a robust evaluation of Act 46 and of equality. (4) The document was received too late for adequate review.

Some specifics:

- Meeting conventional finance quality standards - A budget, at a minimum, should have past and projected spending clearly explained. For example, the projected total expenditures for the current year as compared with the requested budget plan should be prominent. It is not. The data, while held together by a common staple, is fragmented. Local budgets are required to use GAAP quality accounting standards. Similar state quality controls are not evident.
- Contradictory numbers – The most important numbers are presented in contradictory and confusing ways. For example, “per pupil spending” is expenditures divided by the student count. On p. 12, the child count is 78,733 and on p. 50, publically funded students are listed as 95,936. This is a 17,000 student discrepancy. The Blueprint uses a cost of \$23,557 per student. Given these numbers, simple arithmetic shows a \$400 million unexplained difference. *No reconciliation is evident.*
  - Yet a different per pupil expenditure figure of \$14,651 is presented in a separate AOE print-out which is \$8906 below the Blueprint. Arithmetic tells us this represents a \$85 million discrepancy. This is unexplained.
  - FY17 Spending is reported as \$1.578 billion (p.13) in the budget presentation but is presented as \$1.30 billion in the AOE’s per pupil spending print-out. This \$278 million difference is also unexplained.
- How much do we spend compared to others? The standard apples-to-apples national comparisons use the “current expenditure” definition. This takes non-school costs out of the school budget (e.g. – the rec department, child care, college tuition, enterprise funds, etc.). Were the following programs vetted for accurate and appropriate comparison purposes?
  - a. EE and childcare costs
  - b. Flexible pathways – and other higher education costs.
  - c. School based social services
  - d. Adult education
  - e. Other peripheral programs

Conclusion – The blueprint states that we must make decisions on the basis of good data. While there is much to commend this as a descriptive document, it provides contradictory information and leaves fundamental questions unanswered. A moratorium on statements about Vermont’s high spending should be exercised until we have trustworthy numbers collected and commonly agreed.