

PHILIP B. SCOTT
GOVERNOR



State of Vermont
OFFICE OF THE GOVERNOR

October 31, 2024

Dear Local School Leaders:

First, thank you to those who read my September 9th letter. While my team is still following up on some responses, I read every reply and appreciate your feedback and perspective.

Common themes included deep frustration with the complexity of the education funding formula, what contributes to this formula, how tax rates are set, and various service pressures on the Education Fund. There also appears to be some openness to updating the funding formula and giving Vermonters more clarity around how local decisions impact tax rates.

Many of us agree that getting spending growth and property taxes on a sustainable path requires collaboration between school boards, communities and state government. Importantly, if we work together, cost containment will not – and must not – come at the expense of increasing opportunities or improved outcomes. In fact, if we address costs and invest strategically (locally *and* across statewide systems), *more* of every dollar will reach our kids and teachers in their classrooms.

This is the conclusion of the legislatively commissioned “Picus Report¹” as well. It confirms that more spending isn’t the only (or best) way to ensure a great education for all kids. Importantly, this 2024 report is generally consistent with legislatively mandated studies conducted by the same experts in 2012² and 2016³. At this point, while any change will need to be customized for Vermont, I think it’s fair to conclude there are evidence-based models for better investing the more than \$2 billion we spend to educate just over 84,000 students. Links to all three reports are below.

We are listening carefully and working hard to improve the value of the Agency of Education (AOE) to you as a partner. Over the previous six months, Interim Secretary Saunders and the Agency have shifted focus toward improving data reporting and stabilizing operations for struggling school districts. Additionally, the AOE is working to support you with the implementation of newly passed legislation, such as the recent literacy bill. This includes the launch of *Read Vermont*, which will offer districts and caregivers literacy development and support tools. I dedicated a portion of my Governor’s Emergency Education Relief (GEER) Fund to help support this work.

¹ https://ljfo.vermont.gov/assets/Publications/Education/Picus_Odden_Vermont_Adequacy_Study_10152024.pdf

² https://picusodden.com/wp-content/uploads/2013/09/VT_Finance_Study_1-18-2012.pdf

³ <https://ljfo.vermont.gov/assets/docs/education/adequacy/17e5b10a4a/VT-EB-Analysis-20.1.pdf>

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The Agency has also contracted with New Solutions K-12, an education finance consultant with national education policy expertise and a deep, working knowledge of Vermont. They will provide a “plain language” report later this fall to ground our work in a common understanding of the education finance system and how it compares to other states. We will share this with you shortly after we receive it. While I’m eager to read it, I suspect it will tell us what we already know from the dozens of other reports done on this topic: there are models utilized successfully in other states that may better meet Vermont’s current needs.

To enhance collaboration between AOE and local business managers and budget teams, the Agency is hosting sessions to support strategic budgeting. AOE will also work to increase understanding of school budgeting, and the education funding system, through videos, guides, and regional presentations. The Agency’s Listen and Learn Tour is helping us collect ideas and feedback as well. And AOE participates actively on many committees, including the Commission on the Future of Public Education, Pre-Kindergarten Implementation Committee, School Construction Aid Working Group, and others. All this work is intended to help track and align different education priorities and cost considerations, so we can craft consensus solutions that work for kids and are affordable for taxpayers.

Internally, as we work on our own FY25 State budget, we’re keeping the volatility of the Education Fund in mind and looking for opportunities to help you stabilize property taxes. I see relative stability (a substantially slower and lower growth rate that does not shock taxpayers) as necessary for successful implementation of a new formula, and other cost containment policies. Our State budget faces many of the very same challenges as school budgets, including loss of federal pandemic aid, increasing healthcare costs, salary pressures, aging infrastructure, and more. Like you, we will be working hard, and making difficult decisions, to keep our spending growth in the low single digits to alleviate pressure on Vermonters. This means our ability to buy down property tax rates will be limited to our appetite to level fund, or cut, services elsewhere – primarily in areas increasingly reliant on the General Fund, like housing, health and human services, natural resources, and agriculture. We are all in this together.

As promised, I will continue to communicate with you throughout the fall. I appreciate everyone who is taking part in this important conversation.

Thank you again for taking the time to listen, and the work you are doing in your local communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Phil Scott", with a long horizontal flourish extending to the right.

Philip B. Scott
Governor

PBS/kp