

Under Act 68, a district with an education spending amount per equalized pupil (less approved construction costs and other specific exclusions) greater than the excess spending threshold incurs an additional tax for the amount over the threshold. The threshold amount is calculated annually using statewide data from the prior fiscal year, multiplied by a given percentage. ([16 V.S.A. § 4001](#))

Currently the Excess Spending Threshold only affects a handful of districts. I would expect more districts will be required to pay the penalty due to Act 173 implementation, declining enrollment, increasing costs of tuition to school districts in light of pending court cases and the rising costs of student needs.

William Anton, Windham Central Supervisory Union Superintendent

- Beginning 6th year as Superintendent
- Serving the Towns of Brookline, Dover, Jamaica, Marlboro, Newfane, Townshend, Wardsboro, and Windham.
- Serving the School Districts of River Valleys (Dover Elem & Wardsboro Elem), West River (Jamaica Elem, NewBrook Elem, Townshend Elem, and Leland & Gray MHS), Marlboro (single district Elem), Windham (single district Elem), and Stratton (Prek-12 Non-Operating)

Experience with Excess Spending Threshold (EST)

- Acts as a penalty for budgeting to serve the needs of the students that currently exist within the system if that budgeting exceeds the EST.
- When enrollment declines, equalized pupils decline, thus the cost per equalized pupil increases, and if the EST is reached then the cost per equalized pupil further increases. Increasing a penalty on something that a board can not control (i.e declining enrollment).
- School Boards are put in a challenging position during the budgeting process as a budget is built to serve students and follow the Educational Quality Standards (EQS); The [Education Quality Standards](#), or EQS, **describe what a high-quality education should look like for students attending Vermont's public schools.** The Rules are an update to 1997's School Quality Standards, and were approved by the Vermont State Board of Education in 2013, going into effect on April 5, 2014.
- What routinely happens during the budgeting process is a budget is developed to meet EQS, but as the budget goes through the filter of the count of Equalized Pupils, factors in annual cost increases (materials, salaries, health care, etc.), and then applies the Common Level of Appraisal (CLA), the cost per pupil exceeds the EST and boards are put in a position to

reduce investment in the budget to avoid the double taxation penalty of the EST.

- Consequences of this process:
 - EQS is not budgeted for and annually those decisions are cumulative.
 - When you reduce investment in building maintenance it causes bigger future physical plant challenges.
 - When you reduce investment in nursing, counseling, academic support, and social work then students' needs are not met at the level they could be, yet the needs do not evaporate.
 - When a budget passes the EST, some communities view this as a reason to vote against the budget, as they don't want to pay the penalty. So even if a budget is developed to address student need, it may not pass simply because it crosses the EST.

- Particular timely challenges
 - With the deployment of ACT 173 block grant for Special Education, districts in my Supervisory Union will need to **contribute an estimated additional \$600,000 in local money** while **student needs continue to increase**, thus the need for additional resources. I assume this is the case (more local money must be raised) in a majority of SU/SD's in the state.
 - ESSER Federal funding will assist in providing one-time resources to address the Pandemic created additional student need. However, this one time funding will go away creating a funding cliff, but the ongoing student needs will not.
 - With the implementation of the recalibrated weights, many more districts that have not faced the EST, will be challenged with budgeting to deliver EQS without exceeding the EST.

Recommendation: Discontinue the EST and support school districts in budget development and EQS delivery.

Considerations: Increase AOE staff to support school districts

- Provide EQS audits with recommendations about how to meet EQS in an alternative manner which school district boards can consider.
- Create an AOE Teacher and Principal fellowship program that allows mid-career education professionals to work for the AOE for a specific

time period (2 years, for example) to assist districts in meeting EQS in a cost efficient manner. This also could systematically increase the practitioner's voice in AOE decisions.

- *Would require legislative action to fund*