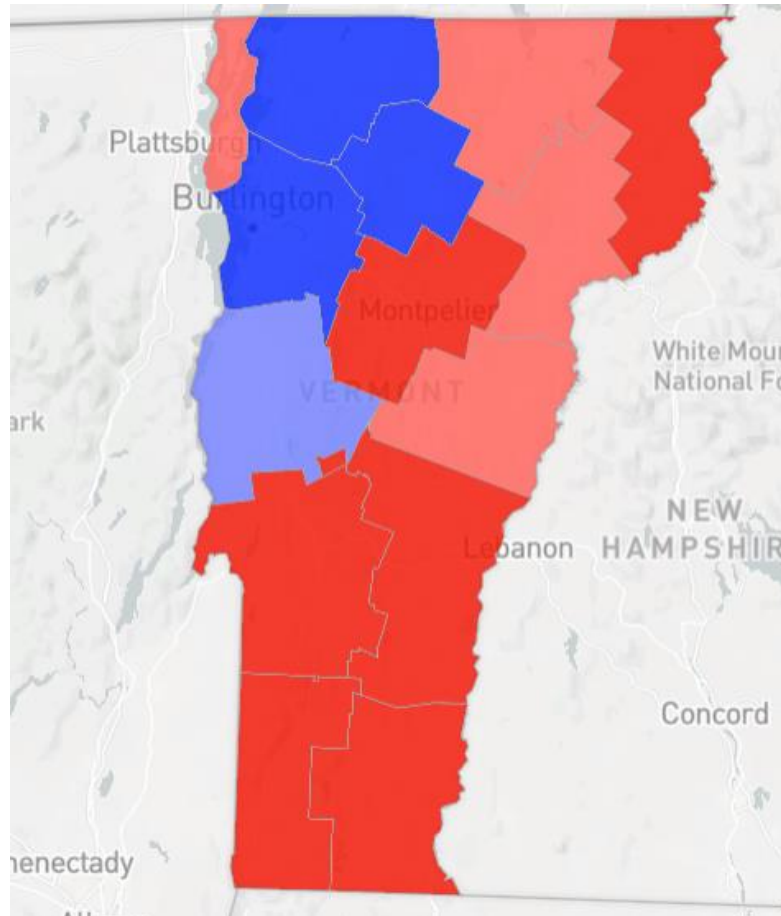


VSBA/VSA Recommendations for Cost Containment

Nicole L. Mace, VSBA Executive Director

Jeffrey Francis, VSA Executive Director

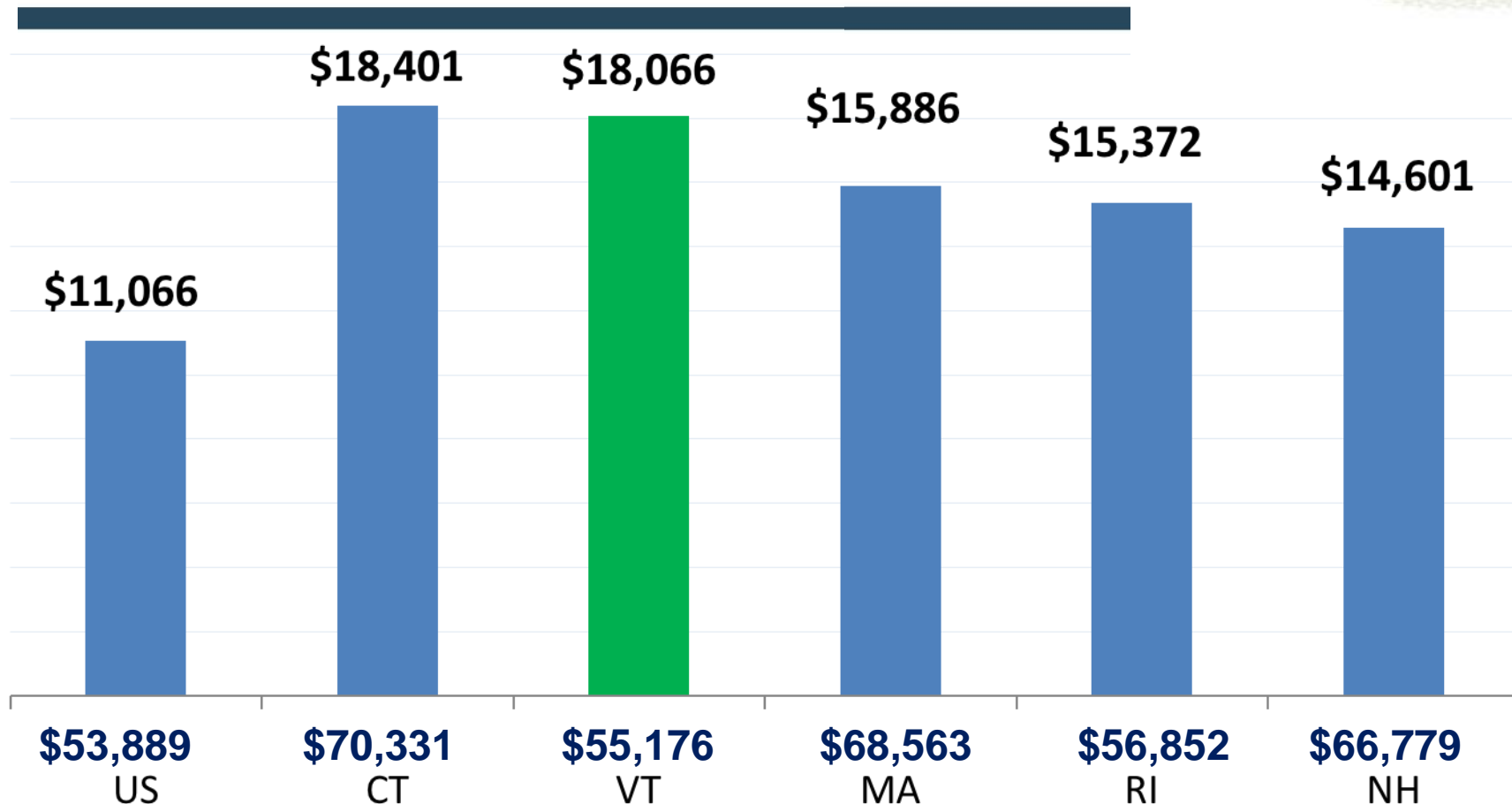
Challenging Demographic Realities



- Flat population growth this decade.
- 2nd oldest state (26% decline ages 25-39 since 1990)
- Vermont lost population three of the last four years (2012-2016)
Only 24% of VT households have school age children
- Declining student enrollment since '97 – losing 1% a year

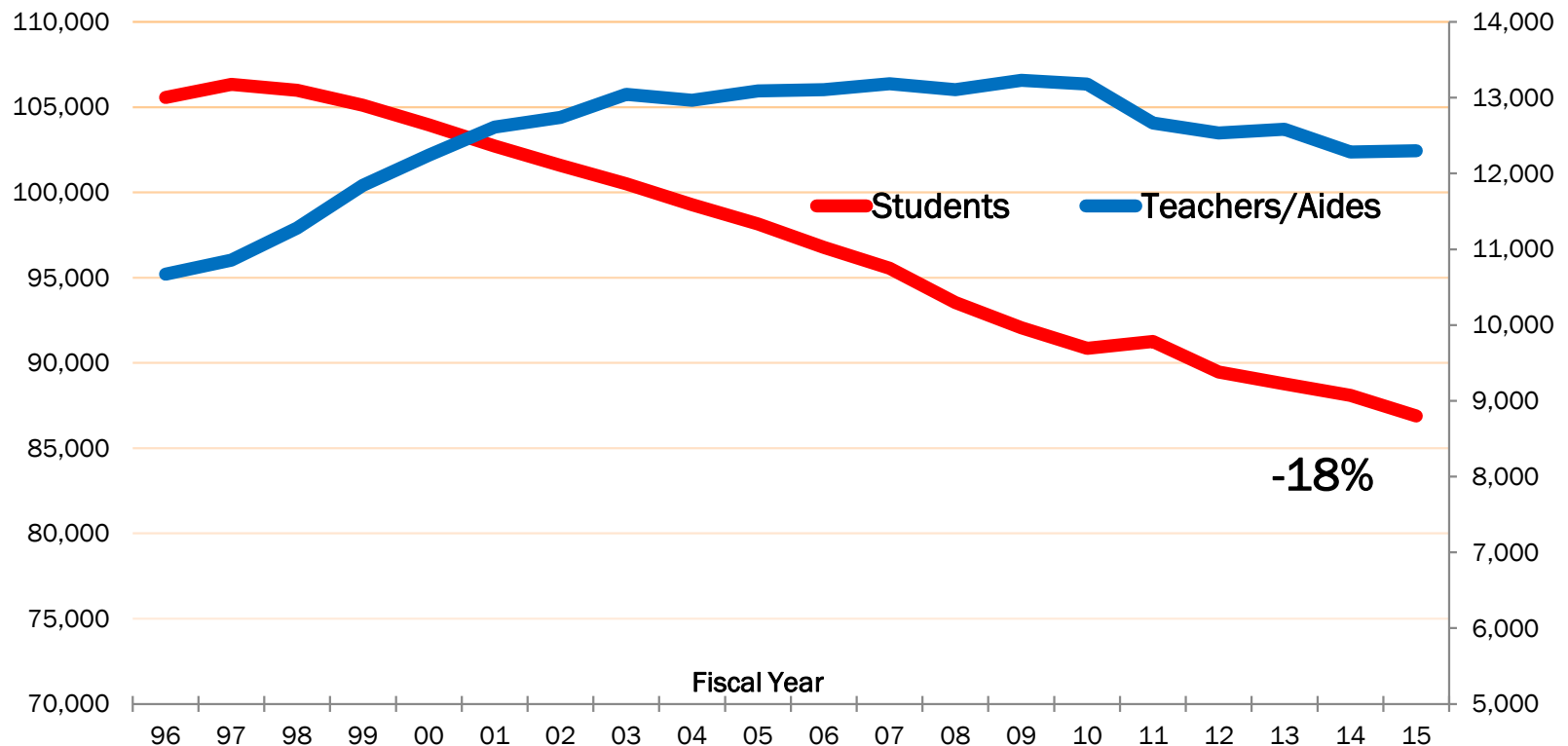
U.S. Census Bureau – VT Population Loss by County 2010-2015

Second Highest Expenditure Per Pupil and the Second Lowest Median Income



Highest Staff-Student Ratios in the Nation

Vermont
Superintendents
Association



Post-Recession Wage Increases Outpace Economic Growth



- FY 2015 teacher salaries ranked #16 in the nation, up from #18 in FY 14
- In 2015, VT's median household income ranked #21
- FY 14-FY15 change avg. salary : #4 Vermont, 3.01%
- FY 05-FY14 change avg. salary : #6 Vermont, 34.01%
- Between 2013 and 2015, Vermont's median household income DECREASED by 10%

Chittenden County Avg. New Money FY14 to FY17



YEAR	YEAR	YEAR	
2013-2014	2014-2015	2015-2016	2016-2017
%INC.			
3.00%	3.50%	3.25%	3.25%
3.00%	3.50%	3.25%	3.25%
3.00%	3.50%	3.25%	3.25%
3.00%	3.00%	3.25%	3.25%
3.00%	3.50%	3.25%	3.25%
3.00%	3.50%	3.25%	3.25%
3.00%	3.50%	3.75%	3.15%
2.80%	3.15%	3.25%	3.35%
3.00%	3.50%	3.25%	3.15%
4.33%	3.25%	4.66%	4.56%
3.00%	3.50%	3.25%	3.25%
3.10%	4.50%	4.40%	
3.00%	3.50%	3.75%	3.15%
3.00%	3.50%	3.25%	3.25%
3.00%	3.25%	3.25%	3.25%
3.00%	2.60%	2.70%	2.90%
3.00%	3.25%	3.25%	3.25%
3.00%	3.25%	3.25%	3.25%
3.00%	3.25%	3.25%	3.25%
3.00%	3.25%	3.25%	3.25%
3.00%	3.25%	3.25%	3.25%
2.40%	4.80%	4.80%	

Four Year CPI Average: 1.13%
VT Department of Labor/ BLS



Burlington had yet to settle.

* VT-NEA/BEA Fact-finding Exhibit #6. July 2016

Potential Savings Through Health Care Transition



- IF ALL employees enroll in the Gold CDHP and the premium share is 80%-20% - the savings to school districts is \$75.5 million.
- Employees will not pay more for premiums.
- If employer provides HSA or HRA funds to cover all but \$400/person of out-of-pocket costs (current exposure)
 - *\$2100 per single plan, \$4200 per two-person and parent/child and \$3800 per family plan*
- That total value based upon current enrollment is 48.8 million
- That leaves \$26. 6 million in taxpayer savings.

Act 46 of 2015

Vermont
Superintendents
Association

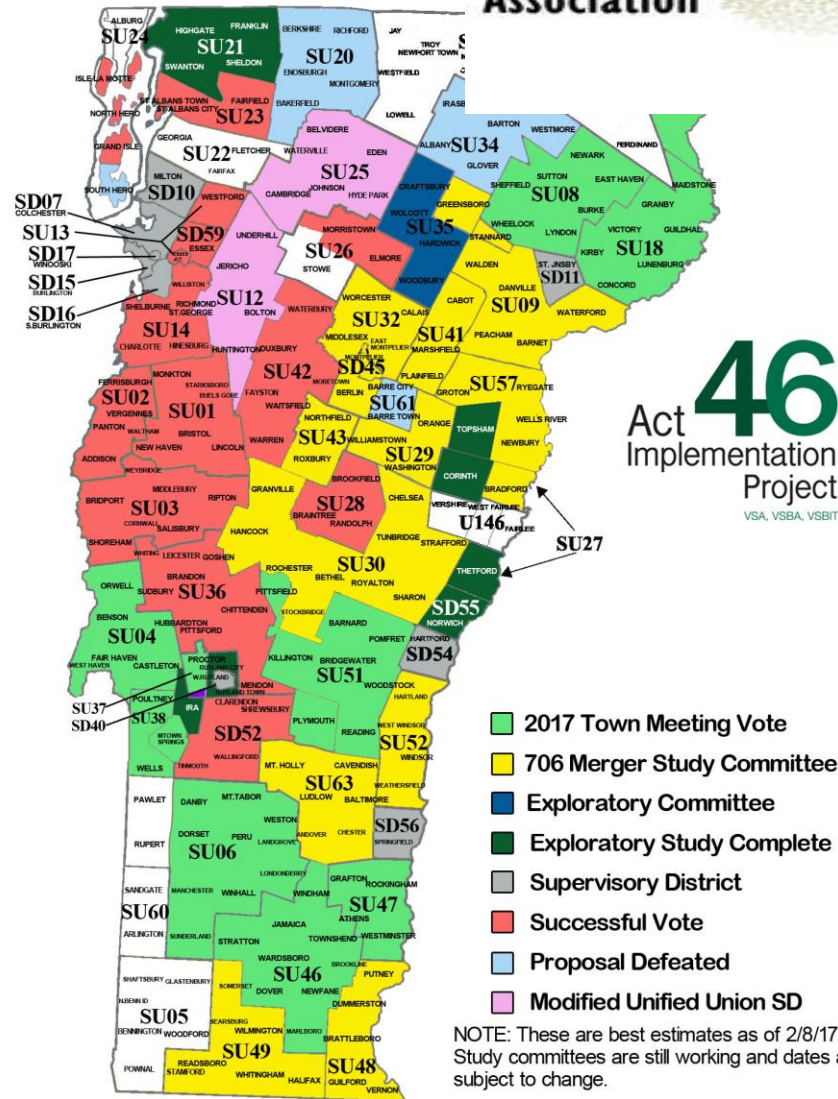


In the past 19 months, Vermonters in 66 school districts voted to merge into 14 union school districts.

On Town Meeting Day, voters in 57 towns are scheduled to vote on merger plans.

Early unifiers are reporting gains for students and efficiencies

Act 46 not likely to be significantly modified this session.





Recommendations

Stay the Course on Act 46



- Our Associations recommend the General Assembly adopt the Act 46 modifications unanimously endorsed by the VSBA Board of Directors in January.
- Making significant changes to the law in order to provide additional flexibility at this stage of the process could undermine the hard work of boards that have complied with the law and stall progress towards the goals of the Act.

Explore State-Funded Retirement Buy-Out that Conditions Rehires on Achieving Ratios

- We recommend the immediate creation of a stakeholder task force to explore the prospects for establishing a state initiative in support of early or “on-time” retirement.
- Two conditions of a district’s participation in the initiative would be a ***commitment to meet staff to student ratio targets by reducing total personnel*** through the retirement program, and a ***commitment to sustain these savings through future budgeting processes.***

Establish a Statewide Health Insurance Benefit for School Employees

- In 2017, we have a unique opportunity to ensure equity in the health care coverage available to all school employees, while at the same time delivering millions of dollars in savings to taxpayers.
- Because all employees are transitioning to new health plans in January of 2018, our Associations believe that now is the time for school employee health insurance benefits to be established and funded at the state level.



Study Penalties on Districts that Exceed Equalized Pupil/Staff Ratios

- According to the Vermont Agency of Education, changing the adult staff to student ratio from 1 adult for every 4.67 students to 1 adult for every 5 students would yield \$74 million in savings annually.
- Policymakers should examine the prospects for establishing staff to equalized pupil target ratios for specific categories of schools and school district configurations and for assessing a financial (tax rate) penalty if ratios are exceeded.



Establish Standards for Fact-Finders in the Collective Bargaining Process

- Wage and benefit increases outpace inflation
- Fact-finders give much greater weight to regional teacher settlements than more meaningful economic factors, such as the condition of the local economy, the consumer price index (CPI), tax burdens, employment data, salaries or pay raises by community members, or measures of household and personal income.
- The General Assembly should modify 16 V.S.A. §2007 to require neutral fact-finders to consider only a statutory list of legitimate measures of a community's ability to pay,

Additional Recommendations

- *Act 166 Review* - Monitor implementation of the law in order to ensure the program meets the goals of quality, equity, efficiency, transparency and accountability.
- *Weighting of Equalized Pupils* - Conduct a thorough review of the current weights within funding formula
- *Budget Surplus & Reserve Fund Guidelines* – We will work with the Agency of Education and the Vermont Association of School Business Officials to establish guidelines on the appropriate amounts and uses of reserve funds and the treatment of budget surplus amounts.

