FAQs on the HUUSD Budget

Q: *What is the current projection for the next budget, which we will vote for on March 3, 2027?*

A: The initial projections are very, very bad.

Q: *Why the doom and gloom?*

A: We've all seen the educational portion of our property taxes go up year after year, because of increases in our school budgets. The school budget increases are in turn driven by huge increases in our health care costs (up 35% in 3 years!), special ed and mental health costs, transportation costs, and utility costs. In this list, the only item we have control over are transportation costs. The other items we are mandated to cover.

We'll explain below why this year is particularly bad.

Q: *So have you passed all these increases on to property tax payers?*

A: No! If we had passed on all these costs, our education property taxes would have increased much more than the roughly 40% they've gone up in the past five years. District voters would almost surely not approve a budget with these increases. Over the past three years, the district has reduced approximately $6.5M, about 15% from what would otherwise have been a level-service budget (a budget that provides the same student services as this year's). The hard part is figuring out how to make cuts while preserving classroom instruction whenever possible.

Q: *How can you say you've cut the school budget if it increases by about 5% each year?*

A: If we presented voters with a level service budget each year, the school budget increases would have been roughly 6.5-7.2%, because of the cost drivers listed above. To keep the budget increases at about 5%, we have had to cut services.

Q: *Since our enrollments are steadily declining (except for the COVID years), why isn't our budget declining?*

A: While K12 enrollments have declined in our district, the state and across the US, many costs do not decline at the same rate. Health insurance, utilities, transportation, special education, mental health services, and contractual obligations continue to increase regardless of enrollment. In addition, schools still require teachers, administrators, custodians, transportation, and buildings even with fewer students. Declining enrollments coupled with fixed (actually, rising) costs increases our per pupil spending, which comes back to bite us when we discuss the excess spending threshold below.

Q: *What services have you cut, and why is this year worse than previous years?*

A: We have cut both staff positions and infrastructure, while actively trying to avoid cuts that directly affect our kids' classrooms as much as possible. In total, we have cut over 10% of our positions in the last three years. Many temporary staff positions that were funded by federal

COVID funds are gone, and we have reduced the number of administrators. We cut the popular elementary World Languages program, we have reduced the number of nurses, and we have reduced the number of PreK classes. All these cuts negatively affect our kids' education.

This year is worse, just because each year finding areas to cut gets harder and harder. This year we're looking at programmatic cuts, cuts that directly affect our kids. This includes cuts to academic programs and extracurriculars (sports, theater, etc.) Exactly where these cuts will occur is unknown, but it will be more damaging to our kids' education than before.

Q: *What is the Legislature doing to try to alleviate the school budget crisis?*

A: The Legislature has passed several bills in an attempt to control school budgets. They can be divided into carrots and sticks for school districts. As you'll see, it's very disappointing that the stick is much more powerful than the carrots.

1) **(Stick)** Vermont establishes an Excess Spending Threshold (EST) which is a limit on per pupil spending. Districts may choose to spend above that amount, but doing so triggers a substantial tax penalty. (For every dollar we go above the EST, we owe the state two dollars per pupil. Because of the way student counts are weighted, for every $100 we go over the EST, we owe the state about $500,000.) Recent legislation gradually lowers that threshold, making it much easier for districts to exceed it, even if spending only increases because of inflation and mandated costs.

   We cannot present a budget to voters that contains a six or seven figure tax penalty on a budget of about $55,000,000. When we crunch the numbers, we estimate that the State's lowered EST is forcing us to cut an additional $600,000 *above* the cuts we had already anticipated making this year. We want to emphasize that we are not just cutting $600,000 from next year's budget; we're cutting a lot *plus* $600,000.

   The EST gets lowered every year until FY 2031 (i.e. 2030-31), so this stick forces deeper and deeper cuts in the school budget. We'll discuss the change to a foundation formula in 2031-32 below.

2) **(Carrot that got vetoed)** The Legislature recognized the crisis in health care costs, and passed a bill that would help cap these costs for school districts and small businesses through implementing so-called Reference Based Pricing. The Governor vetoed this bill, on the grounds that it only helped some groups' health care costs. As a result, nobody gets helped.

3) **(Maybe a carrot)** The Legislature and the Governor agreed to create CESAs (Cooperative Educational Service Areas), a grouping of school districts intended to cut down costs by pooling services such as special ed, business services, IT, transportation, etc. We'll start meeting with our CESA this summer. It's unclear how much savings will result from this collaboration, but it's definitely worth trying.

4) **(Probably not a carrot)** The Legislature and the Governor also agreed that each school district join a "merger group" of districts to discuss consolidation of districts.

In 2025, the Legislature formed the Commission on the Future of Public Education in Vermont, which found that there was no evidence that district consolidation would save substantial amounts of money. Nevertheless, we'll explore this option.

5) **(A tiny carrot)** The Legislature has set aside $50,000,000 for construction costs of new schools in merged districts for the next fiscal year. That's not enough for the construction of even one new medium size school. The Legislature will have to set aside a lot more money before we can address the four *billion* dollars in deferred maintenance in Vermont public schools.

Q: *How does district consolidation affect consolidation of schools within our district?*

A: For the most part, district consolidation and consolidation of schools within our district are separate issues. In the face of declining enrollments, declining birth rates, and an aging population, we feel we must investigate school consolidation within our district. Consolidation is being studied because it may allow the district to preserve and improve educational opportunities while operating fewer buildings. We want to emphasize that nothing has been decided yet. Closing schools is a slow, painful process. We will involve our community in every step of this process, and community input will be an essential part of the process. We're well aware that there are large up-front costs in consolidation, with substantial savings only in the long run.

Q: *Why are public education expenses so high in Vermont compared to other states?*

A: Vermont education expenses are high, but not as high as they seem. Most states pay for student mental health services and some special ed costs through a state department. In Vermont, school budgets pay for them, inflating per pupil costs. So comparing our per pupil expenses to another state's is somewhat of an apples to oranges comparison.

On top of that, there are features specific to Vermont that drive up our education costs. We're a spread out rural state, so our transportation costs will always be high. (The Harwood district has about 1750 students spread over 230 square miles. For a random comparison, the Montgomery MD school system has 160,000 students spread over 500 square miles.) Similarly, since we have a series of small schools, our utility costs are high. Also, Vermont has the highest health care costs in the country, which we have to cover for our staff.

Q: *How does the overly complicated funding of public education in Vermont change in 2031-32?*

A: In 2031-32, school districts will be funded according to a *foundation formula*. This means that each district will get a fixed amount of funds per (weighted) pupil. So we will no longer be pooling our approved school budget funds in a state ed fund and then receiving our share of these funds back. The excess spending threshold will disappear, since the amount of funds we receive from the state is fixed.

Q: *That's good news, right?*

A: Yes and a very big no.

The yes part: About 45 states use some version of foundation formula funding, so we're an outlier at this point. At present, our district gets back 83 cents of every dollar we send to the state in education property tax, to spend on our schools. Under foundation funding, our property tax revenue stays in our district.

The big no part: The key point is how much the fixed per pupil funding will be. In the current Legislature plan, the per pupil funding in 2031-32 will be $15,033. Our current per pupil spending is $16,229. This means our school budget will have to decrease substantially between now and 2031, even while the cumulative inflation rate in that period is estimated to be between 11% and 15%. So we'll be facing something like a 15% budget cut during this time period. Adding in our previous cuts of 15%, it's clear that the foundation formula is going to devastate our educational system, unless the state and federal Legislatures can reign in the major cost drivers like health care.

Another negative aspect of the foundation formula is a loss of local control over our school district budget. We're handed a per pupil funding determined by the state, which we can augment by 10% in 2031-32 and then by decreasing percentages in later years. So we control a decreasing percentage of our budget.

So the emphasis here is that foundation formula funding is a common practice, but the Legislature is proposing a very low funding level that will severely undermine public education in Vermont.

Q: *Who in the end is to blame for the school budget crisis?*

A: Maybe all the players deserve some blame. In hindsight, the School Board should have responded earlier to the property tax crisis, although we feel we've been very responsible in the past three years. The Legislature and the Governor have focused more on sticks than carrots to reduce education costs, and have put maybe too much faith in consolidation. However, while the Legislature has worked to reduce health care cost increases, this is a national problem with root causes beyond our State's control.

The Federal government has underfunded many of our mandated programs. As just one example, we are required to cover educational costs for students with special needs – and we want to. When Congress passed this legislation in 1975, they stated that the feds would cover 40% of these expenses. At present, they cover 11%, leaving the states to pick up the tab. In turn, the Vermont Agency of Education has increasingly passed these costs onto school districts. Prior to 2020, a student whose special ed needs total $100,000 in a year would cost the district $33,000, but now costs our district about $71,000. This forces our education property taxes up.

In the end, while it's impossible to specifically assign blame, it's clear that property owners foot the bill for underfunded programs in special ed, mental health programs, and many other areas.

Q: Does voting no on the school budget send a message to the Governor and Legislature to reform public education funding and lower our property taxes?

A: The short answer is: yes three years ago, no now.

In 2024, about ⅓ of Vermont school districts, including ours, voted down their school budgets out of anger at rising property taxes. That sent a strong message to the Governor and Legislature, who heard the message and responded with the current push for district consolidation as an alleged way to lower education costs.

But at this point, voting no on the school budget only hurts our students. We think the School Board has done it part by cutting its budget, while the Governor and Legislature haven't done enough to control health care costs and the other cost drivers out of district control. A much more effective approach involves contacting elected officials and voting them out if they do a poor job on education funding, attending school board meetings (in person or on Zoom) and making public comments, and contacting your town's School Board representatives.

Q: *What can our community do?*

A: We need to hear from you! Community members can stay informed, attend School Board meetings, participate in community conversation, ask questions, and vote. As the district evaluates budget reductions, facilities, and possible school consolidation, community input will play a vital role in shaping decisions. While the financial challenges are significant, our goal remains the same: providing the best possible education for students while being responsible stewards of taxpayers dollars.