

Governor Proposal: 5-Year Education Fund Cost Containment & Tax Reform Initiatives

6 Mechanisms:

- Transition to statewide healthcare bargaining for school employees (\$62M)
- ✓ Transition to new SpEd payment method (\$87M)
- Reduce excess spending threshold gradually over 5 years beginning in FY20 (\$48M)
- ✓ Increase student/staff ratio (\$249M) -- task force in H.911
- Property Tax Adjustments changes to new homesteads established after 7/1/2018 (\$11M)
- ✓ House site value from \$500k to \$400k (\$9.2M)
- **THERE COULD BE MORE OPTIONS – CAPS, YIELD TAX RATE CALCULATION CHANGES**

BRIDGE INVESTMENT: This is the investment or “one time” money needed to get us there that can be paid back with savings detailed below

\$450+ million in savings over five years to:

- Reinvest in more and better early education, K-12, technical education, higher ed
- Stabilize/lower property tax rates for 5 years for Vermont households, renters, businesses, and all who invest in Vermont
- Increase efficiency of the system for better educational quality, opportunities, and ultimately outcomes for our kids

This is all while fully funding the school budgets local voters have approved for next year.

If we do nothing, baseline property taxes will increase by an additional \$33M in a year where we have \$160M in additional revenue (including a \$44M upgrade made in May) to help Vermonters.