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Editorial: The Challenge

By Emerson Lynn

Revenue figures for May showed unexpected strength; projections show an additional \$11 million in revenue, which can be added to the \$44 million that's been tallied in the fiscal year thus far.

The total of \$55 million in surplus funds - money over and above the increases that were projected for the year - doesn't include the \$29 million in a recent settlement with the tobacco companies. It's been a flush year, something we've not experienced in a long, long time.

This unexpected strength comes with a challenge. It's easier to manage when things are tight; harder to manage when there is more money than expected. It's harder to be budget conscious, to say no, when there is plenty of cash.

That's the kernel of the conflict in Montpelier. But beyond that it is also a philosophical conflict, one that pits the governor against the legislative leadership in a battle over the shape of the state's educational system and the state's ability to prosper.

In the moment, it's a political fight over property taxes. The governor wants to use one-time money to ensure that property taxes remain where they are. Legislative leaders would rather see the money used to buy down teacher pensions, etc. As articulated by Senate Pro Temp Tim Ash: "If what the governor's saying is he won't sign any bill that passes a state budget until he is assured the Legislature basically adopts exactly his starting point on fairly broad sweeping and radical education proposals, then the Legislature can't just do that." There it is.

For general consumption the battle is between the governor and the legislature over bragging rights. The governor has staked his ground saying he will not sign into law a budget that raises taxes, or even creates the likelihood that property taxes would be increased. He makes an ever stronger case when he points to the \$55 million in extra money the state has generated for this fiscal year.

Legislative leaders don't want to give him that credit. They make the case that the money would be better spent elsewhere. Mr. Ashe says there is no guarantee that the state will have one-time money to buy down rates next year and, if not, that the taxpayers would be on the hook to make up the difference.

But that's the issue the legislative leaders don't want to address. No one, including the governor, should want to be in the position of arguing for the use of one-time money next session. We've done this twice. It's poor planning. It would be absurd to put ourselves in the same position next year.

It's absurd, but inevitable unless we put in place a set of expectations that matches our educational infrastructure with our reduced student population.

That's what Mr. Ashe is referring to when he references "radical educational proposals." The only way to avoid the specter of rising property taxes is to figure out how to reduce labor and to increase the quality of the education offered, and to do it over an extended period of time.

That's the conversation the governor is forcing and that's the conversation legislative leaders are avoiding. It has very little to do with what Vermonters will pay in property taxes next year and everything to do with reconfiguring our school system to today's demographics and tomorrow's workplace.

When legislative leaders offer different alternatives for the use of the extra revenue - pension funds, a reduction in the income tax, etc., - they are changing the conversation from one they don't want to have to one they do.

Not only are they missing the point, they're missing an opportunity. The challenge in Vermont is not only to rightsize the state's school system to reflect 30,000 fewer students, the challenge is to figure out how to address early childhood and higher ed issues.

That will require resources. Those resources will need, in part, to come from the same pot of money that we spend on PreK-12.

It's the only way we can put into place a complete educational system worthy of national recognition.

What we have is a PreK-12 system that is among the nation's most expensive, and one from which only half ever go on to get a four-year college degree. What we have is a PreK-12 system that struggles because of the high percentage of students who enter school not adequately prepared. That's why the state's educational system can't be compartmentalized in to three separate silos. It needs to be early ed through higher-ed. It is the most difficult discussion Vermont might ever have. It's also the most essential. And it's not clear it can be done within today's political constructs.

The battle between the governor and legislative leaders over property taxes is not about your pocketbook, it's about the state's future and its ability to compete and to provide our children with the skills and the education to prosper.

It needs to start now.