

# 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 (\$35M)
- ✓ Increase student/staff ratio (\$262M) -- 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 CALUCATION 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.*