

PHILIP B. SCOTT
GOVERNOR



State of Vermont
OFFICE OF THE GOVERNOR

May 27, 2025

The Honorable Jill Krowinski, Speaker of the House
The Honorable Philip Baruth, President Pro Tempore
The Honorable Members of the House and Senate Committee of Conference for H.454
State House
115 State Street
Montpelier, VT 05633

Dear Speaker Krowinski, President Pro Tempore Baruth and Committee Conferees:

As I stated at the beginning of this legislative session, we have a once in a generation chance to transform our education system, providing taxpayers with much-needed relief, while also ensuring more opportunities for our kids across the state.

Since January, I have appreciated constructive conversations with lawmakers on our shared priorities. It's clear there is broad agreement that we must transition to a foundation formula and that, by making our governance structure more efficient and achieving scale, we will reduce the burdensome, top heavy costs of administration and ensure we can direct more resources to schools, students and teachers.

Thus far, however, H.454 *An act relating to transforming Vermont's education governance, quality, and finance systems*, has passed with virtually no Republican support and I feel strongly that change of this magnitude must earn votes from members of the Republican caucuses, as well as my own support.

The final bill must also work for urban and rural areas of our state, and benefit all students, from Maidstone, to Middlesex, to Manchester.

The plan I outlined in January aimed to make Vermont's education system more equitable, transparent, and effective. It focused on student needs and efficient governance, providing better opportunities for every child in Vermont, while also creating a funding structure that is clear, affordable, and sustainable. These will remain my objectives when evaluating a final bill when it reaches my desk.

To be absolutely clear and transparent, the following changes to H.454 will be necessary to earn my signature:

Funding System

Vermont spends more per pupil than nearly every state in the country. Vermonters value public education, but we're not getting the best return on our substantial investment.

Vermonters have also been clear: our state is simply not affordable, and property taxes are a key contributor to our affordability crisis.

I will not support a bill that spends more than we are today in FY25 dollars. As we achieve scale, costs should go down. The transition to scale must be thoughtful, but we cannot lock Vermonters long-term into sustaining a new foundation formula that was designed around the costs of our current, inefficient system. The foundation formula proposed in this version of H.454 does not consider scale or how to best use our considerable funds to increase educational quality.

I have presented a foundation formula model that I believe can achieve our shared objectives. Throughout the session, we have listened to concerns and have made adjustments that reflect key priorities and values that we share with Vermont communities, education leaders, lawmakers, and most importantly, schools and families.

It's also critical that we account for all spending, not just the education payment. We know costs in areas such as special education will go up. We need to account for it.

Likewise, any cost, like CTE, that we believe may be paid for outside of the base after more policy work is done next year, should be accounted for when we evaluate total spending compared to current law. To be responsible, we need to make clear choices about what we are funding and what we are prioritizing within the context of what we can afford.

Timeline

I cannot accept an implementation timeline of FY30. I have proposed FY28. We've seen too many important reforms rolled back before implementation over the years, and I fear that could happen here. Furthermore, our current system cannot sustain rate buy-downs like we've seen recently for that long. We also have clear evidence that schools are already making cuts that are reducing student opportunities. The longer we put off necessary change, the more painful and damaging these cuts will be for students, teachers and communities

Change at this scale is complex and will take time, but not four years. That's why it's urgent to put the new leadership and organizational structures in place as soon as possible—to actively guide, support, and manage the transition. This will help us plan smarter, respond to challenges as they arise, and build the system our students deserve—starting today.

District Task Force

Knowing the new district configurations is key to the policy work that's needed to transform and improve our system. I have been clear that I would have preferred the Legislature approving new districts this session. However, I'm willing to support the summer district task force structure, provided it sets us up to quickly approve the new lines when lawmakers return to Montpelier in January. I would support an up-or-down January vote on a consensus map produced by the Task Force.

Additionally, legislators and the Governor are elected to make tough choices. We're the ones Vermonters have entrusted to do this policy work. The Task Force should include a majority of legislators. Members of the House and Senate will ultimately be the ones to approve the new map, and their perspectives should help lead the work this summer.

Property Taxes

The current House and Senate passed versions of H.454 could lead to significant property tax increases in districts that are currently relatively lower spenders. Many of these communities are more economically disadvantaged and cannot afford to see double-digit rate increases. My original proposal in January contemplated much lower spending than the current draft of H.454, allowing for lower tax rates statewide. The final bill must not significantly raise taxes in these areas.

In the higher spending scenarios contemplated by the House and Senate, it becomes increasingly important to include a well-designed income sensitivity program to help those who just can't afford their property taxes. We all agree that a homestead exemption structure will do a better job targeting lower-income Vermonters while driving more overall tax relief towards towns with lower values homes. It's crucial to dial in the details of a funding formula in order to target this complementary tax relief program towards those in most need of support.

My original proposal included an option for supplemental district spending of up to 10% over the Educational Opportunity Payment, but this was on top of a baseline which was substantially lower than what is now being contemplated. In a foundation formula that's intentionally calibrated to match what is spent now, there is no need (or tax capacity available) for supplemental district spending. For that reason, the Educational Opportunity Payment should be evidence-based which will result in a spending level less than is currently spent. The allowable level of Supplemental District Spending, whether it's 5% or 10%, can then be strategically configured to complement the education opportunity payment without increasing overall spending.

Education Quality

We must keep students at the heart of every decision we make. The plan I proposed is designed to promote student outcomes by investing dollars where they will have the greatest impact. The funding in this bill should reflect key priorities: ensuring fair teacher pay, expanding access to career and technical education, supporting preschool, and providing the right scale and resources to offer every student a well-rounded education—including the arts, advanced coursework, and academic support.

My team can also provide feedback on a section-by-section basis.

I look forward to working with you in the coming days to finalize and pass a bill that leads to a stronger, more efficient, equitable and affordable education system.

Sincerely,

Philip B. Scott
Governor

PBS/kp

A handwritten signature in black ink, appearing to read "Philip B. Scott", with a long horizontal flourish extending to the right.