



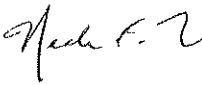
State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.adm.state.vt.us

Neale F. Lunderville, Secretary

[phone] 802-828-3322
[fax] 802-828-3320

MEMORANDUM

TO: Vermont School Boards

FROM: Neale F. Lunderville, Secretary of Administration 

RE: Governor's Education Finance Proposal and 2010 School Budgets

DATE: January 20, 2009

As you are aware, the nation, the state, and our friends and neighbors are facing economic challenges not seen in generations. Job cuts seem to fill the headlines every day. Vermonters are struggling as household savings and retirement funds have slumped. Family checkbooks are getting slimmer and slimmer.

These economic and fiscal realities have forced the Governor – like many Vermont families and businesses – to reevaluate spending priorities and make difficult budget decisions. In the current fiscal year, the state has already cut \$44 million from the General Fund budget and still has a \$50 million gap to close. The state has had to make reductions, eliminations and layoffs in nearly every area of state government, including important human services programs serving Vermont's vulnerable populations.

For the coming 2010 fiscal year, as we learned just this week, the state is facing an additional \$34 million revenue shortfall – bringing expected General Fund revenues below fiscal 2006 levels. For fiscal 2010, between declining revenues and increased cost pressures, the total gap in the General Fund will be \$193 million – a 16% decrease from the fiscal 2009 base.

In this unprecedented context, the Governor has proposed an initiative to balance resources between the General and Education Funds within state government. Part of that proposal is to freeze state K-12 education funding at 2009 levels on a per-pupil basis, with an option for districts to raise above-level spending on the local residential property tax. If approved by the General Assembly, the Governor's proposal will have a direct impact on your proposed 2010 school budgets. To answer lingering questions about the specifics of this initiative, I have attached a white paper that more fully details the Governor's proposal.

We are all proud that Vermont's schools are among the best funded in the nation. Relative to the severe cuts being proposed in programs supported by the General Fund – some facing double digit reductions – a level-funded school budget is a reasonable approach to help address Vermont's fiscal shortfalls, ensure that the neediest among us receive necessary services, and temper property taxes that are straining family budgets. Education spending comprises nearly one-third of all state spending, and to hold it harmless at the expense of other critical state services in a worsening economic climate is not a responsible option.

The Governor asks for your help in this effort. To that end, if your proposed fiscal 2010 school budget exceeds per-pupil spending levels from the current fiscal year, we ask that you consider necessary steps to adjust your proposed budgets. We recognize that there is no 'one size fits all' approach to this request because of differences in approving school budgets (floor vote, Australian ballot, etc). We pledge to work with school districts to help meet their individual needs and circumstances to ensure that this process is expeditious and successful.

Both the Governor and I understand the challenge created by the timing of this request. But these are extraordinary times and Vermont faces extraordinarily difficult choices in a rapidly changing economic environment. We seek your assistance and understanding in this endeavor.

Enclosure

cc: Vermont School Boards Association
Vermont Superintendents Association
Vermont Principals' Association
Armando Vilaseca, Commissioner of Education