

Four Tier Education Funding Model Proposal

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It appears to be an imperative that the General Assembly will take action to address the challenges facing public education this year. Governor Shumlin described the need to address our education challenges as urgent. Many believe that the more problematic elements of the challenges are worsening.

The current analysis by Secretary Holcombe and others identify the main problems in the following way:

- Excessive and rapidly increasing costs, driven largely by personnel expenses and a failure of local school systems to "right size" staff, all during an era of declining enrollment.
- Disparate and inconsistently performing school governance structures that may have been able to respond sufficiently in an historic context but are now both inefficient and ineffective in delivering a 21st century education.
- There remains an increasing inequity driven by lack of scale. School districts investing equivalent sums of money per pupil are adding educational opportunity and benefit in places where there is scale - and cutting programs and reducing educational opportunity in places where there is not.
- There remains an inability to measure our effectiveness. In many schools and school districts, local and state officials are not able to sufficiently measure effectiveness because classes and school sizes are too small.

Whatever happens, we can hope that the legislature will prioritize the initiatives that hold the most promise for addressing rising costs and increasing inequity. The current challenges for Vermont's public education system are complex and multi-dimensional. If these problems had obvious solutions, we would have agreed upon them already.

The biggest concerns are that we cannot solve:

- 1) a statewide problem at the local level, piece by piece;
- 2) a statewide problem with a one size fits all plan because the problems we are trying to solve are very different regionally; and
- 3) these problems based on the size and geographic challenges of our schools because all small or large schools are not the same.

Creating increasing financial pressures on local districts and/or forcing changes in governance will not achieve substantial cost savings, or address the real spending issues. Current initiatives will fail to achieve the desired results of more reasonable affordability and equitable access and opportunities for all Vermont's students.

When school districts don't have adequate support for changing the local governance structure, this four-tier proposal provides a viable alternative for addressing declining student enrollment, increasing costs, and loss of school quality. However, we must recognize there won't be a one-size-fits-all solution forthcoming because the problems are not the same. While they do all add up to a spending issue, there needs to be a completely different structure for changing governance as it relates to the cost drivers. Presented below is a four-tier governance change model that identifies new roles for the state, region, supervisory union and local school board. The model places authority with entities that may have more power to influence decision making variables. The current model requires school boards to be responsible for spending increases that they have no local control over. The four-tier model creates an expenditure and revenue model particular to those needs of each tier. For example:

Tier IV: The State Level. Education components that are common to all students in Vermont regardless of where they reside and have little or no ability to be increased or reduced by a local board decision remain funded in their entirety at the state level. These would include Special Education, Employee Health Care, Pre-K Universal Education, and College Dual Enrollment. As an example, by moving health care up to the state level, we would eliminate the challenges with some districts being small employers and others large, in the same collective bargaining agreement. All public school employees would be under one large employer. This would bring choice, move many Vermonters on to the Exchange, and provide for greater negotiating leverage and

economies of scale. In addition, a foundation would be created to possibly develop a statewide teacher's contract that still could include regional differences. This would remove a huge ongoing (sometimes every year) time draw and large financial contribution from local boards and their budgets.

Tier III: The Regional Level. This would include all Teacher Salaries and Collective Bargaining Agreements, and Technical Center, Mental Health Services, Transportation, Joint Purchasing, and Financial and Accounting Services. The budget would be directly state funded after approval and submission by a regional board of directors.

Tier II: The Supervisory Union. This budget would become voter approved at the regional level. It would include all the Statutory Requirements, Central Office Staffing, Maintenance, Custodial, Food Service, Technology Supports, and Shared Staff. From here, based on other local and statewide decisions, this tier would have flexibility to adapt. If legislation directed, the CLA and Equalized Pupils would be calculated at the SU level and school choice could then become an option within each SU.

Tier I: The Local School District. This budget would obviously include everything currently in local budgets minus the above elements. This budget would much more closely represent those areas local school boards can control and feel passionate about, mainly Programming, Student Outcomes, Education Experiences, and Staff Evaluation. Boards could spend much more time "localizing" their schools and using data to make decisions directly related to student learning and success. School boards would have a greater likelihood of "right sizing" their school organizations and more time to work with adjoining districts and SU's adapting to changing needs.

Finally, the proposed solutions account for regional and local school governance differences and respond to declining student enrollment problems with an adaptive, systemic part-to-whole approach. It assigns roles and responsibilities to entities that have actual power to change and control governance destiny. The proposal respects local control, increases accountability, and provides a more stable economic development growth model for the region.