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Date: January 21, 2015
Subject: Commentary about Vermont Education Costs
From: Peter Amons, CFO, Rutland City Schools

The growth of educational costs in Vermont has begun to outpace the State's ability to pay for education. The standard of living of most Vermont taxpayers has been under considerable pressure while the costs of education have continually risen despite falling enrollment. These increasing costs in the face of a limited increase in the ability to pay them has the potential to erode quality and educational financial equity as communities vote down budgets often based on their personal and sometimes changing support of, and attitudes toward, education.

It seems to be time to take action to contain costs. The cost problem has been identified as more school facilities and staff than are necessary to deliver a quality education to Vermont schoolchildren, especially in the face of consistent declining enrollment. A different form of governance would manage and contain costs more aggressively and more equitably than today. And second, proactive identification and closure of redundant facilities should be pursued as soon as practical.

Recommendation #1

Pass H 883 from the last Legislative session in substantially the form it was presented except for amendment for recommendation #2 which relate to school consolidations/closures.

Recommendation #2

Hire an outside consulting firm to evaluate the continued need for any school with fewer than 200 students. Look for opportunities for consolidation with nearby schools for resultant marginal savings and improved program access for children.

These two efforts, if addressed boldly, could improve both the short and longer term financial picture of Vermont education.

The value of H 883 is streamlined management, more efficient use of funds over the long term, and greater educational equity for children as more standardization and reduced duplication would flow from larger and fewer administrative units. The greatest value of H 883 is its improved

professionalization of the management of Vermont education. Regardless of cost control or cost savings, H 883 stands on its own as a big step forward in the management of Vermont education.

However, H 883 is not primarily a cost containment plan which would likely have immediate or noticeable cost relief for taxpayers or the State. Therefore, it is reasonable to pair it with a true cost reduction program. There is general acceptance that Vermont does not *need* all the school buildings and staff in its buildings we currently have in order to offer high quality education to our students. *Wants* have been self-justified as needs. The problem appears to be that the vast majority of school districts have no interest in consolidating their facilities and little capability to impartially evaluate such actions. There appear to be no financial incentives or academic advantages to benefit children that can overcome a community's cultural, social and political make-up that would enable it to forgo keeping its (uneconomic) in-town school.

The work of identifying and evaluating Vermont school facilities for consolidation might best be handled by an outside consulting company whose criteria for evaluation would be developed upfront with the Board of Education, Secretary of Education, and Vermont Superintendents Association. The firm would have the dual goal of (1) consolidating school facilities for marginal cost savings and (2) improving academic program availability and quality to the students affected. The consulting firm would then present its specific, local consolidation recommendations to the State board of education for final approval of actions and timing. The State board, on a case by case basis, would rule on each school consolidation event, with locally offered input but without local voting approval as part of the process.

As financial professionals we are not experts in education quality or equity yet we are close observers of decision-making at the local level. We offer two insights into what we have learned. One is that most people in local communities see the loss of a school facility as failure and cause for sadness and generally do not want to be connected with or responsible for the event, regardless of the potential benefits to their children or finances. And second, that increased punitive measures in the tax rate formula or through budget voting can affect communities very differently, or not at all in some cases, such that education equity for children could begin to move backward despite all the progress made since the Brigham decision.

