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**TESTIMONY PROVIDED TO: Senate Education Committee**  
**FROM: Bill Talbott, Deputy Secretary, Agency of Education**  
**TOPIC: H.361 and Education Governance Recommendations**  
**DATE: April 10, 2015**

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**Guiding Statements from Secretary Holcombe and the Agency regarding any Education Governance Legislative Action:**

1. Ensure quality and equity, and use every dollar well.
2. Support unified Pre-K to 12 districts (consistent with H.361), whether they tuition, operate or both. (Acknowledge one size does not fit all, but move systems towards affordable models that offer breadth and depth of opportunities).
3. Support fewer larger districts, and fewer districts within SUs, if any SUs.
4. Adequate support for implementation; the more ambitious the change, the more staffing needed, don't require studies of systems that will end up in status quo.

**Priority 1: Realism about costs**

**Problem:** complexity and contradictory incentives reduce the likelihood that systems will respond proactively to protracted declines in enrollment and rising costs with systems changes.

**Proposed:**

- Yield language (in H.361)
- Shorten tail on hold harmless (both Senate and House bills)
- Remove small schools support (both Senate and House bills) except geographic isolation

**Priority 2: Supporting proactive efforts to create better futures and better options for our children and our schools**

**Problem:** Some systems may want to move, but because the need to move may not be equally acute in all members of a system, these systems may have trouble moving forward. And, some districts may be aware of the need to achieve scale, but unclear on how to do so, when other members of an SU have different district structures. We need to make it as easy as possible for systems that want to partner to achieve efficiencies and better opportunities to do so. Others are open but cautious, and first seek confirmatory evidence and successful models of mergers that they can emulate.

**Proposed:**

- Identify preferred district structures (as identified in H. 361):
  - operates PK/K-12
  - operates PK/K-6 and pays tuition for grades 7-12
  - operates PK/K-8 and pays tuition for grades 9-12
  - tuitions all students in grades PK-12
- Identify preferred supervisory district sizes (1100-1500)(adjust, but basic idea in both H.361 and Senate language)
- Give SUs the authority to petition the SBE to reassign singleton districts within their borders that prevent a merger, so that the majority of districts can achieve a desired merger. The singleton can exercise its preference, but on its own or in another union. And, as in current House and Senate language, allow for reassignment of orphans.
- Lengthen the period of voluntary mergers and RED incentives (Basic language in both bills, extend timelines)
- **One year pilot:** Any group of districts that vote to move to SD by (date certain, window of no more than a year from date of passage) that meet the above criteria for size, will be eligible for a lower tax rate by 10 cents for 5 years, on the condition they serve as a test pilot of savings and efficiencies associated with consolidation of governance, as well as any effect on opportunities for students. In these pilots, all towns higher than the reduced unified rate drop to that rate; those below can go up no more than 5% annually until they reach the reduced unified rate. The ten cent reduction applies to the new unified rate. AOE, in collaboration with UVM and other academics, as possible, will work to create a study for review by the public and the legislature.
- The legislature will create a limited service exempt position for FY16 and FY17, on contract to the Agency, contingent on receipt of a grant, to work directly with districts and unions on systems change issues and public awareness of fiscal constraints and opportunities. This enhances the partnership between the state and districts, by ensuring all localities are aware both of fiscal and demographic projections, as well as the full range of options they face.

**Priority 3: Accountability and support for assessment of return on investment in Supervisory Unions**

**Problem:** small districts, variation of practices across SUS, and challenges around allocating costs make it difficult to conduct policy-relevant analyses of performance, equity and operations across systems. These problems do not exist in SDs.

**Proposed:**

- SUs will allocate expenditures, in accordance with the uniform chart of accounts, on behalf of each district they serve (e.g. how costs of services will be allocated to districts), applicable to the FY17 school year. Report to the AOE by August 15, 2017.
- Subject SU budgets to a public vote. If a final budget is not approved by July 1, 87% of a district's prior year's proportion of the SU budget becomes an obligation of the district.

- Mandatory consolidation of PK-12 non-operating districts (e.g. that tuition at every level) into regional districts (no more than 5 statewide). For small districts, this smooths fluctuations in budgets associated with fluctuations in enrollments, so that small tuition towns are better able to sustain routine fluctuations in enrollments. Provide language which enables tuitioning towns to opt out of the tuition district through a municipal vote, if they change preferences and want to operate or merge with an operating district.
- Make SUs the LEAs (so 59 reporting units in all), contingent on federal approval.

#### **Priority 4: Enhanced capacity to evaluate quality, equity and cost effectiveness of systems – Education Quality Reviews**

**Problem:** Lack of a robust, fair process for reviewing school quality and fiscal efficiency makes it impossible to consistently and appropriately challenge local systems to be accountable for ensuring all children have access to high quality, equitable opportunities to learn, at a fiscally responsible price. A more robust process will also support decisions about whether systems need technical assistance, some kind of intervention or closure.

#### **Proposed:**

- Development of an online “annual snapshot”, which informs supervisory unions and the public of performance in:
  - a) academic achievement,
  - b) personalized learning /opportunities to learn,
  - c) safe, school climate,
  - d) high quality staffing and
  - e) financial efficiencies
 and supports continuous improvement efforts in our school systems.
- Development of Integrated Field Reviews, which bring teams of educators across sites to review improvement goals, collect data and provide feedback on progress and next steps for improvement.

**Eliminate the studies in H.361.**