

**Testimony provided to: Senate Education Committee
John A. Castle, Superintendent North Country Supervisory Union
Education Governance and Finance
February 27, 2015**

Thank you all for your interest in the issues of school governance and finance and affording me the opportunity to testify.

I am currently in my first year as Superintendent of Schools for North Country Supervisory Union. Most recently I served for five years as Superintendent at Rutland Northeast. I previously served as teaching principal at Holland Elementary School (where I attended elementary school) principal of Lake Region Union High School and short stints early in my career at Middlebury and South Burlington.

The House Education Bill has many aspects that potentially will impact governance, delivery and funding of education across Vermont. Due to the breath and complexity of the Bill, I will not comment on all aspects. I will focus on Small Schools Grants, Hold Harmless Provision and Governance Consolidation.

As is often with public policy, the House Bill is a blunt instrument that will result in unintended consequences. I will therefore focus my remarks and concerns regarding the pending legislation to those areas bound to have negative consequences from many of our school-communities—whether intended or not.

It has been said, “not one size fits all” ...that sentiment is appreciated. It is also true that not one story provides the whole picture. I ask that you to engage in a conversation with those beyond the homogenized message of member organization and those controlling the agenda. My concern is that in the disposition to do something, that something will do more to support the “haves” (those with resources and power) than the “have-nots.”

Small Schools Grant:

First, I wish to debunk the “rural legend” that schools receiving small schools grants are always more expensive than other schools in Vermont, analysis of FY2015 data indicates the following:

1. Small Schools Grants were received by 97 school districts that had budgeted spending per equalized pupil ranging from \$31,404 to \$13,443, with an average of \$18,298—yes, \$305 more than the statewide average of all school districts. However, of the school districts that did not receive small schools grants, the top 97, based on budgeted spending per equalized pupils, ranged from \$30,712 to \$17,079, with an average of \$19,485, \$1,492 more than the statewide average of all school districts.
2. Of the 113 school districts with budgeted spending per equalized pupil above the statewide average 52 receive small schools grants while 61 do not.

North Country Supervisory Union—perhaps the largest in terms of geography, and among the largest in terms of total districts provides an even more compelling picture:

1. NCSU has eight of ten elementary schools that receive small schools grants for this year. Total of \$684,087 for FY15. The eight schools education spending per equalized pupil is \$13,089—for the SU it is \$13,309--the state average is \$14,008.
2. The projected increase for education spending for FY16 is 3.09%. North Country Supervisory Union proposed budgets come to an average of \$13,012 for FY16.
3. NCSU schools receiving small schools grants average 70% eligibility for free and reduced lunch—the state average is 36% and among the four lowest in the country that now has an average of 51% across all fifty states.
4. We just had two of our poorest communities Holland and Troy complete long over due building projects, without any state assistance.
5. North Country Union High School's spending per equalized pupils is \$13,366 and they just reduced staffing by 7 FTEs for FY 2016 to come in at .29% They are 27th out of 28 high schools in spending per equalized pupils.

As for the provision of “geographically isolated...” This only presumes that schools should close. I fear that there is not a real appreciation for travel distances even within communities, no less between communities. People provide anecdotal comments to support their idea that we can more easily bus students to another location. Being on a bus for over an hour is not the kind of equity of opportunity we need to promote. And, without any construction aid to support renovations or additions, how do schools incorporate substantial numbers from another community. We have actually lost ground in recent years when it comes to cost sharing or State aid for construction.

Turning small schools grant into merger grants is a false inducement. The House Education Committee Chair's comment, “I don't think any of them should get a grant if they haven't made an effort to merge with their neighbors” is ignorant and irresponsible. If we value current use as a means to sustain our working landscape, we should support small schools grants as a means to support sustainable communities. Research has shown that small-community schools can actually mitigate the impact of poverty on learning—this is a consequence we should invest in.

There is a time when class sizes are too small. There is a time where a school falls short of providing perhaps what might be considered an “adequate” education. There are times that a community has and will close a small school due to both issues of educational opportunity and cost. School-communities should not be pushed into these situations.

Hold Harmless & 2% Cap on Spending:

We do have schools with “phantom students” and ones that will likely be in the situation of seeing a decline in enrollment beyond the 3.5 over two years in the next couple of years. The “hold harmless” provision is providing the transition that it is intended to provide. Elimination or dramatically reducing this support will adversely impact schools with high rates of poverty, limited resources, and current spending below state averages. Holland Elementary anticipates a decline in its population by 11 students next year—from 55 to 44 students. They are reducing their budget for FY16 by 8%, primarily by the reduction of a

full time teacher and the principal by 20%. Their spending per equalized pupil is \$11,888 for FY15 and anticipated to go to \$12,199. The loss of any revenue associated with the “hold harmless” provision will result in increased tax rates locally or reduced programs or services.

It is obvious that the 2% cap is a knee-jerk need to do something. It is shortsighted of the impact on non-operating districts or districts that have deferred implementation of Act 166. It also makes no sense to reward those who are already spending at high level while limiting any of us who need to spend more to ensure equity of opportunity. It is further evidence of the lack of understanding of the impact on districts and desire to push consolidation.

Governance Consolidation:

Might find some efficiencies in centralized governance, might not—seems to be the sense. The projections from the Joint Fiscal Office provide a wide range of \$25 million or so that appears to be pure speculation. It should be noted, that there is research on rural schools that has shown that despite initial savings in economy of scale or efficiencies in governance consolidation, centralized bureaucracies tend to grow over time. I do not believe it is always an honest conversation and concerned about the hyperbolae and hypocrisy of those with a clear agenda to have fewer units. The testimony of some should be met with a level of skepticism as they have a personal interest in having fewer meetings, fewer board members to manage, fewer Annual Statistical Reports and fewer audits to manage. The goal should not be fewer units for the sake of fewer units.

I have seen local boards not spend enough money to ensure quality of programs and service, and have also seen local boards defend over staffing and spending too much. This will happen with any governance structure. I can assure you local board members have a sharp pen when it comes to looking at supervisory union budgets—no danger of building an empire at central office in our current context. It is all rather simple, we need to make staffing reductions when possible in conjunction with declining enrolments—Tough decisions with any structure.

At the same time, I am concerned that a when we put forward a 48 million dollar budget in a consolidated district it will not go over well with a disaffected and distrustful public. Last year we recall a number of supervisory districts had budgets defeated. When the public clamors about tax rates the larger communities with high proportion of representation in a consolidated district (much like the legislature) will likely see small outlying schools as the “low hanging fruit.” I believe this is the intent of those who promote consolidation of governance.

It appears that recent testimony of business managers who claim to represent VASBO assert that supervisory districts are more cost effective than supervisory unions based on data they presented. FY2015 data from the Joint Fiscal Office shows the education spending per equalized pupil gap between supervisory districts and supervisory unions at \$169 in education spending. The concern is that this figure does not take into account

factors beyond the gross education spending per equalized pupil. It is likely that there exists a transportation cost differential that may account for a portion, or all, of this gap? Given that North Country Supervisory Union is roughly 347 times the size geographically as the smallest supervisory district, it is certainly likely in our case. Not sure consolidation of governance will do much to mitigate the reality of transportation for rural communities.

Some SUs are likely higher functioning and more cost effective than some supervisory districts currently—less a function of structure and one of leadership at many levels. I reject the assumption in the proposed legislation that we are guilty of inefficiencies until proven innocent. The machination of studies, reports, votes and approval by the State Board is overly cumbersome and insulting to the bright and pragmatic Vermonters who serve on local boards and vote on local budgets.

Our own George Aiken stated in his book, Speaking from Vermont “And it is this love of liberty that today prompts Vermont to revolt against the approach toward that type of centralized government which history has so often proved undesirable.” I believe this to still be worthy advice. We can just as easily come to a wrong decision quicker as the right one with centralized authority. There are actually times that needing to work at coming to a common direction is more beneficial in the end.

I actually believe there is a failure to understand the complexity of contemporary organizational theory in terms of some stated goals for consolidation. Simply, centralization is not necessarily the key to transformation or continuous improvement. The reality is that we are seeing more decentralization in the field of education nationally and even internationally. The rational-structural perspective may be very good at explaining how organizations ought to work, but it is very poor at explaining why they often don't, why the same kinds of problems recur over time. (Bolman and Deal, 1991) This traditional view is filled with conceptual and practical faults. It ignores the complexity of organizations; it overemphasizes rationality, and formal structure; and it overlooks vital realities of context, human psychology, and the change process. (Evans, 1996) Whatever structure we have will be dependent on leadership and individual and collective human judgment to ensure effectiveness and success for student learning.

Conclusion:

The Brigham Decision has done much to promote what is considered the most equitable funding system in our country. It determined that the state is responsible for the education of all children. I recognize that other communities are paying for the cost of small schools grants and phantom students—is that not essentially the intent of Brigham?

The original goal of the Elementary and Secondary Education Act was to provide an additional 40% over the state's average spending for each child living in poverty. Our Federal government has fallen short on this. We all recognize failed Federal legislation of NCLB and disproportionate amount of money going to testing. By in large, Federal policy does not work for rural states like Vermont. Please recognize that the proposed legislation in the House will not work for poor, rural school-communities in our state.

I encourage you to not make the collection of data the reason to create fewer and more alike governing bodies. If we are more intent to be “data driven” like the feds and trade the ease of data collection for sound educational decisions we will go down the wrong path. There is a deep failure in the understanding qualitative data and what we value as a sense of community in the context of Vermont. Granted, Vermont, like our society as a whole, is going through a transition in how we define community. It is obvious to some extent we are at conflict with ourselves—however, Vermont should embrace its rural nature and not reject it.

In 1934, in the midst the depression, the Resettlement Administration came to Vermont and offered to purchase homesteads considered “submarginal.” Though tempting, this concept was summarily rejected by Vermont leaders of the day. I do not believe we consider Vermont a “submarginal” place to live. Please do not too quick to consider small schools submarginal. Please don’t make them submarginal by starving them. Please don’t force governance consolidation that will result in closing them. Please value them as you value this State and support them. Schools are crucial to our communities and their governance central to promoting our democratic values.

We currently allow those in Washington to determine our schools as “submarginal” or “inadequate” due to a flawed accountability system. We should not allow those in Montpelier to determine our rural schools are inadequate based on false indicators or lack of understanding variables through flawed metrics tied to statutory requirements.

I appreciate Secretary Holcombe’s statement in her testimony on February 23: “Transitions are disruptive in terms of time, money, and if we are not very careful, the quality of the educational experience.” In my experience as a principal in two supervisory unions and now superintendent in two supervisory unions, I can say that governance has not been a hindrance to a focus on teaching and learning and even true transformation. I am actually fearful of the disruption caused by a forced governance change to be at minimum a major distraction and even potential cause for polarization when it comes to the focus on improving quality learning experiences for students.

Allow for volunteer mergers as suggested by Secretary Holcombe. Understand that these things take time—take a longer range view of history. ...recognize a shift in local governance or actual consolidation of schools constitutes a new “community” with its sense of interdependence, reciprocity, shared values and interests and membership—better to allow this to happen organically.

I will leave you with a thought... If Vermont were a school, it would be a small school. Challenged by limited resources and perceived by some to have a lack of equity of opportunity. Perhaps defined in a disparaging way as “rural.” At the same time, there is a strong sense of identity, reciprocity, and shared values—a strong sense of community. A community that has a great deal to appreciate, is truly interdependent and supports each other.