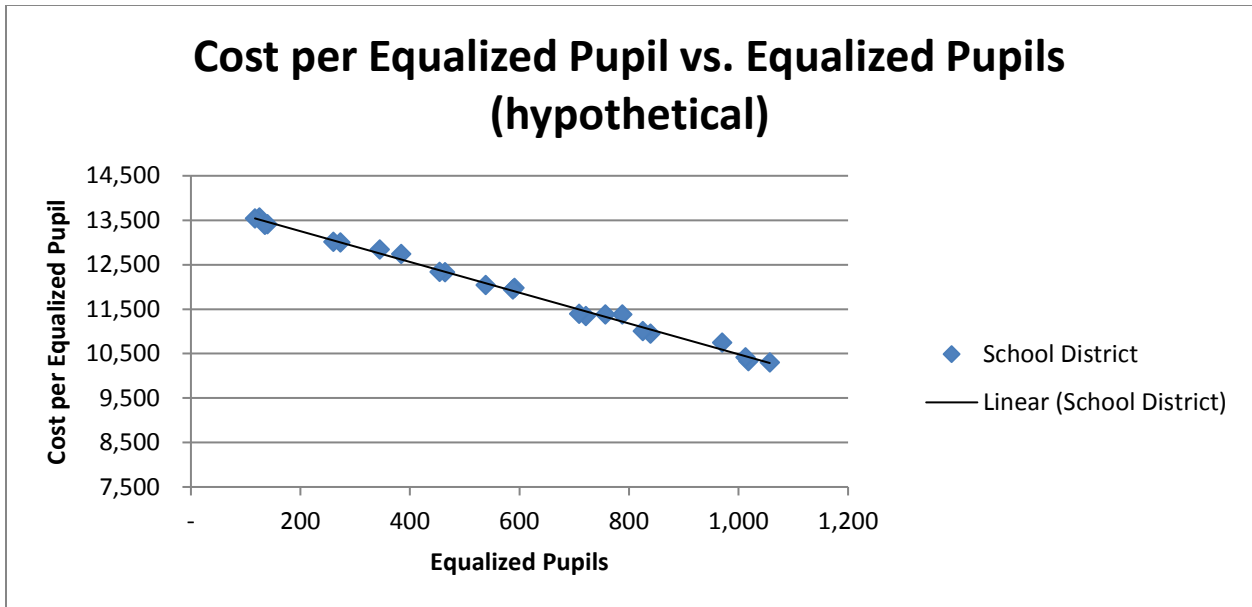


Others have or will express the benefits that a delay will afford those districts still working through the merger process, and I agree with those arguments. Rather than reiterate what you've heard, I want to share another perspective. Whether you are from a district that has merged, or a district that has been passed over, or from a district that is being forced to merge, it is vital that we remember that we all want the same thing. We all want to look back at the Act 46 process and declare that it has been a success. A success in improving student outcomes, increasing access to educational opportunities and improving the efficiency of our schools. In this effort, we are all on the same team. In that spirit, I want to talk about the opportunity that a delay presents to this committee in terms of improving the outcome of the Act 46 implementation process.

What you should know about me is that I tend to think about decisions in terms of mathematical models with the goal of reaching the optimal solution. I believe that the process as written in legislation provided an opportunity for an exceptional result but that the manner in which a particular part of the process was implemented will lead to a sub-optimal result. I'm going to get a little technical for a moment so please bear with me.

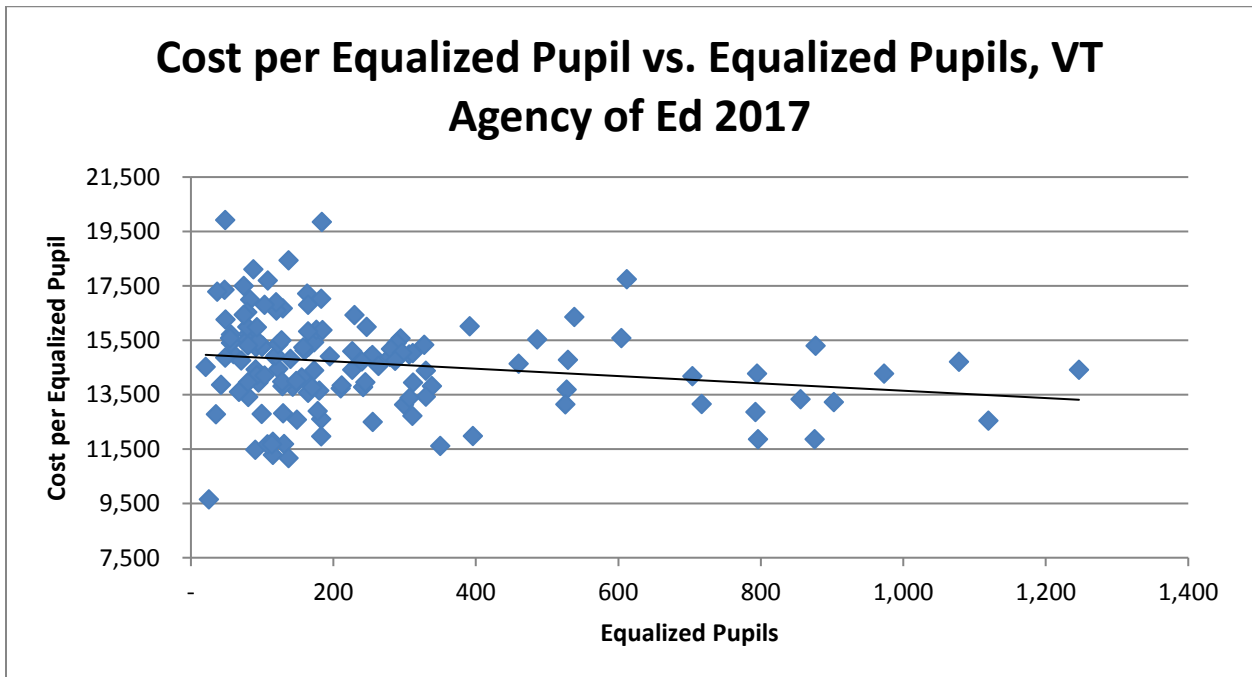
This goes back to how we understand the conclusions reached in what is referred to in Section 1 (g) and (h) as "national literature". Literature on the benefits of larger district sizes, both in terms of academic outcomes and financial efficiencies is easy to find. Many studies demonstrate the fact that larger districts tend to have higher academic performance and a lower cost per equalized pupil. However, the phrase "tend to" is very important in this. When it is omitted, we are left believing that a larger district will result in higher academic achievement and a lower cost per equalized pupil.

Looking at cost per equalized pupil for a moment, if we understand the literature to mean that a larger district will result in a lower cost per equalized pupil, then we could plot schools on a chart that looks like this:



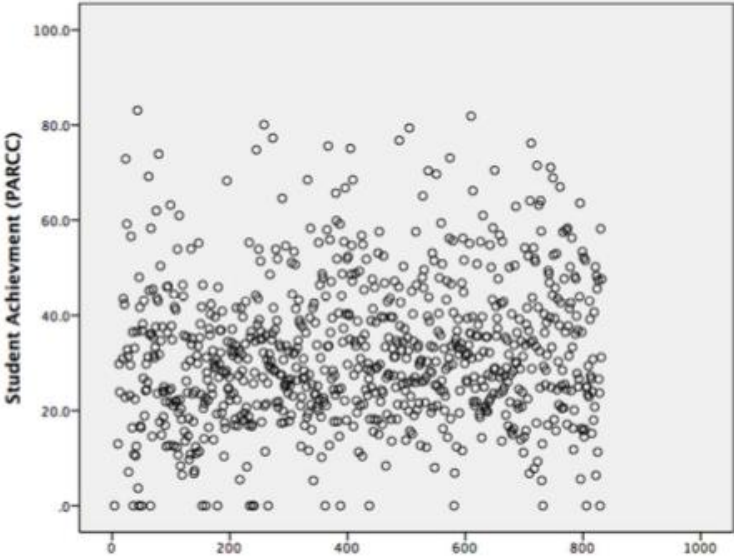
Where an increase in the number of equalized pupils results in a lower cost per equalized pupil in virtually every case. This would suggest that by merging any districts, we could achieve a lower cost. This is the thinking that leads us to implement a one-size-fits-all approach. When viewed this way, it is easy to forget the five goals of Act 46 and instead to view increased district size as the only goal.

However, what the data actually looks like is this¹:



The downward trend still exists and it is correct to say that larger districts *tend to* have a lower cost per pupil, but the relationship is not as definitive as the prior statement.

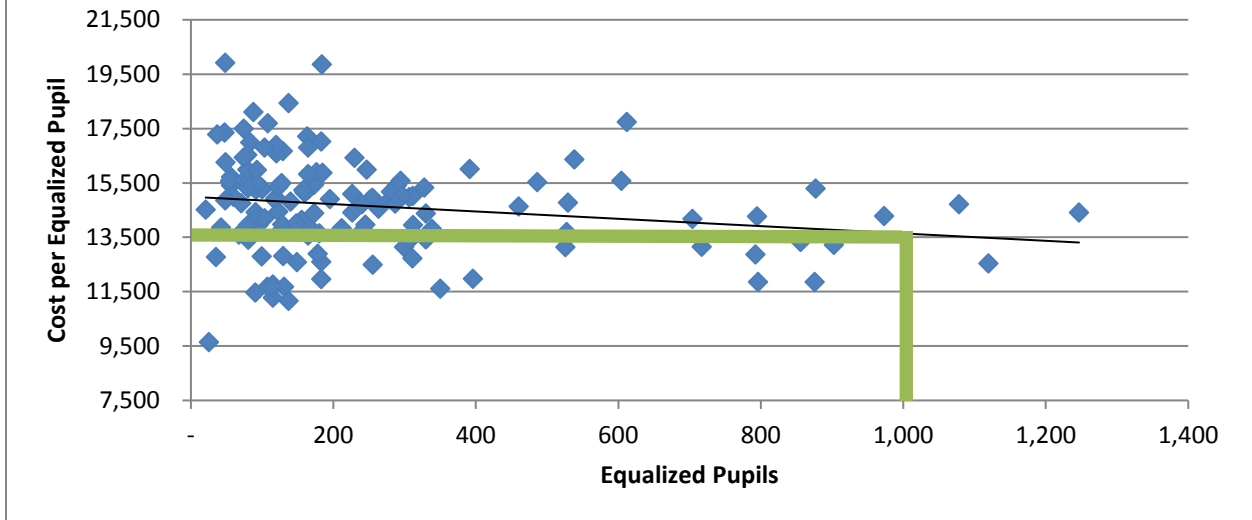
This same relationship exists when it comes to academic achievement. Below is a graph from a study published by Illinois State University² showing student achievement score by rank order of district size.



A positive trend exists but not all points fall along that trend line. Cost data will be utilized in the remaining discussion as the data is readily available but all concepts apply equally to educational outcomes.

The trend line is important because it represents our best guess as to what the results of any merger would be. For instance, if three smaller districts were to be merged into a district of 1,000 equalized pupils, we should *expect* the cost per equalized pupil in that new district to be slightly higher than \$13,500:

Cost per Equalized Pupil vs. Equalized Pupils, VT Agency of Ed 2017



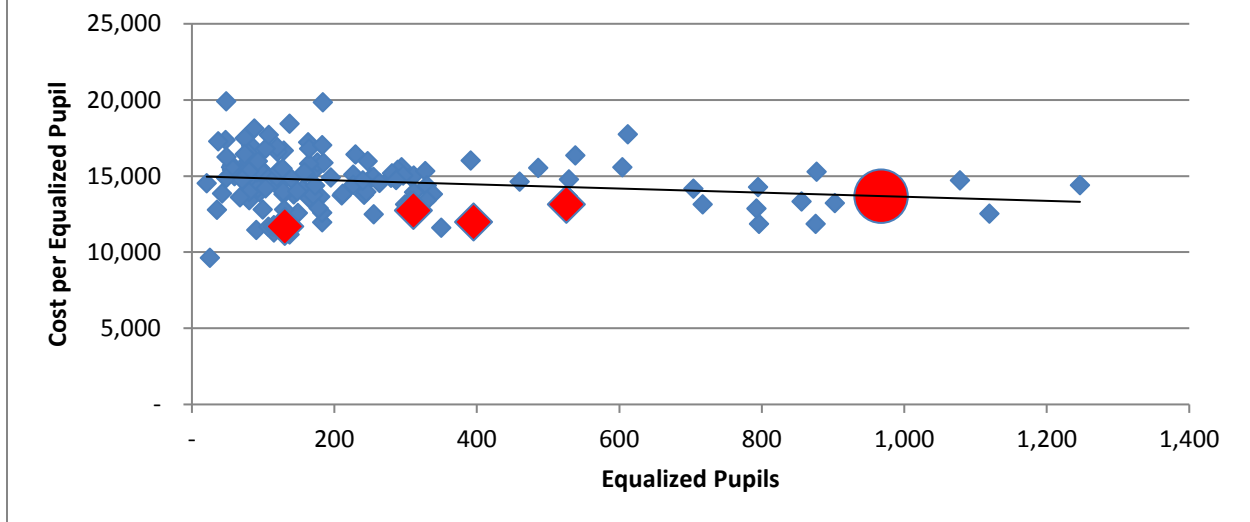
This trend line represents our expectation of the resulting merged districts. In most cases, a move along this line represents an improvement which is why the national literature concludes that there are advantages to larger districts. It is also why many communities throughout Vermont have elected to form merged districts either in the past or as part of this process.

If we strictly adhere to this model and merge districts wherever possible, what we expect is for the new districts to fall along the trend line, but further to the right-hand, lower end. This movement to the right is the saving that we expect to realize. However, we can do better.

This is where the real power and wisdom of the Section 9 process can be found. In general, we expect merged districts to move to the trend line. In most cases, this results in a lower cost, but what if the proposed merger is between districts that currently have a cost that is *below* the expected cost of the resulting merged district? Likewise, what if the academic achievement is currently better than what we would expect post-merger?

To provide a real-world example, the districts of Franklin, Highgate, Sheldon and Swanton are highlighted below.

Cost per Equalized Pupil vs. Equalized Pupils, VT Agency of Ed 2017



The weighted average cost per pupil among the four districts is \$12,568 (red diamonds) while we would expect the cost per equalized pupil to be \$13,685 given the size of the resulting three town merged district (red circle). In this case, a move toward the trend line produces unfavorable results. As I stated before, the literature agrees that an association exists, because, more often than not, this move toward the trend line will be favorable.

It is understandable that the Agency of Education and State Board of Education would strictly adhere to the model, because we would expect it to produce favorable results in aggregate. By moving everyone toward the average, we would expect to achieve some savings, but this level of savings actually represents the minimum level of success that could be achieved because it implements the bad with the good. I would describe this approach as an average implementation resulting in an average overall governance structure and an average educational delivery system.

Act 46 provides a means by which we can move districts toward this trend line when that move is favorable and Section 9 provides a way to avoid moving districts toward this trend line when that move is unfavorable. Making this distinction and acting accordingly is what could transform an average implementation into an exceptional one. This is the difference between merging wherever “possible” and merging wherever “necessary”. Realizing this opportunity could be what differentiates Vermont’s post-merger system from other places such as Maine and West Virginia where the one-size-fits-all model was implemented, where mergers occurred wherever possible, and where the overall success is highly questionable.

We all want Act 46 to succeed. We all want a sustainable educational delivery system. We all want more efficient schools and better outcomes for our kids. The Section 9 process is meant to go hand-in-glove with district mergers to produce the best possible State-wide system. Section 9 allows the districts that

feel that they are exceptions to the model, in terms of cost and/or educational opportunity, to identify themselves and present their case that merging would not be the best model in that district at this point in our history.

When this part of the process is overlooked, as it has been, we become average. Why would we pursue average policy? Why would we advocate for an average result? Why be average when the tools, the information and the legal framework have been provided to us to so that we can be better than that.

If even one district is properly identified and allowed to continue to operate with better than expected outcomes and with better than expected costs, then we are better than average. The more districts that we properly identify and allow to continue to achieve their exceptional results, the greater this difference between ourselves and average will become.

The districts that continue to push back against forced mergers could be viewed by some as stubborn, uncooperative or intransigent. However, what these districts are in fact doing is sending out a warning signal to the legislature, attempting to call your attention to the fact that there is a better way of implementing this law. They are calling your attention to the fact that we are leaving opportunities on the table by moving all districts toward the average. Instead of dismissing these warnings, the legislature and the Agency of Education would be wise to pause and listen because likely, it is the final decision regarding these districts that will determine whether we end up with an average or an exceptional public education system in this state.

As a lifelong Vermonter, as a tax payer, as a school board member and as a father of three young children, I find it unacceptable that we would look at the tools in front of us, see that we have an opportunity to build an exceptional educational system and yet we settle for being average.

I urge this committee to issue this delay; and further, I would urge you to expand this delay to all affected districts and to use that time to give the State Board of Education another opportunity to review the Section 9 proposals with clear guidance from the legislature, or so that the legislature itself can evaluate the Section 9 proposals. We need to have an open and honest dialogue between the reviewers and the submitting districts to find these opportunities that I describe. Only in this way can we ensure that we best meet the goals of Act 46 for each school, each region and for the State of Vermont.

We can do better, we should do better and we must do better. We cannot settle for being average.

References

1. Includes the categories "Operate elementary school, tuition high school students" and "Operate elementary school, belong to a union". Source: <https://education.vermont.gov/documents/data-per-pupil-spending-fy2017>
2. Source: <https://ir.library.illinoisstate.edu/cgi/viewcontent.cgi?article=1827&context=etd>