

## POSITION STATEMENT ON EDUCATION COSTS

The goal for funding Vermont's educational system should be to provide a high quality and cost-effective education for our students. In order to achieve this goal, we need solid leadership, good vision, rigorous standards, discipline and accountability at both the state and school district levels.

Providing an excellent educational opportunity for each of our Vermont children is one of the most important investments we can make for the future of Vermont. However, the cost of education has increased significantly in recent years. Between fiscal year 1992 and fiscal year 2002, the revenues (from all sources) to fund public education jumped from \$672.9 million to \$1.052 billion. According to U.S. Census data for fiscal year 2001, Vermont ranked 8<sup>th</sup> in the nation for per pupil spending, 2<sup>nd</sup> in the nation for school spending in relation to personal income and 1<sup>st</sup> in the nation for school administration spending per pupil. In addition, according to the U.S. Department of Education, Vermont had the lowest pupil teacher ratio in the nation in fiscal year 2001.

Although we want excellent educational outcomes for Vermont students, we also have to pay attention to education costs. Projected education spending increases of 4.50% in fiscal year 2004 and 4.75% in fiscal years 2005 and 2006 are not sustainable. Act 68, passed by the legislature in 2003, revised Vermont's education funding system to provide some new revenue sources. However, by fiscal year 2006, education spending is projected to outpace revenues by \$15 million. We therefore need to act now to restrain the growth in education costs.

The Lake Champlain Regional Chamber of Commerce and GBIC recommend the following:

1. **Governance.** Consolidation of local school districts into regional districts should be a priority because it is a way to improve efficiency and save costs while maintaining high quality educational services for students. With a larger district, there should be savings in administrative and other staff costs, professional services expenses and the cost of purchasing supplies and equipment. Consolidation also should result in better coordination of curriculum and easier transitions for students between grade levels, greater educational opportunities for students and more coordinated and efficient special education services. In addition, school district consolidation should lead to a consolidated teachers contract for a region. (See item 3 for more discussion on regional teachers contracts.)

The legislature should consider passage of legislation stating the following: (1) that by a specified date in the future (perhaps in five years) a certain level of consolidation of school districts should occur, and (2) that if consolidation does not occur by the specified date the legislature or its designee (e.g., the Department of Education or State Board of Education) will dictate how consolidation will occur. Under this legislation, consolidation could be

defined either as consolidation of existing union school districts or consolidation of school districts with a student count below a specified level. The legislature also could consider whether a county school district model (or two or three school districts in larger counties) would be practical. At a minimum, the legislature should encourage school districts to move forward with consolidation on a voluntary basis by phasing out the small schools grants and providing greater incentives (such as consolidation grants) to school districts that consolidate. In addition, the legislature should explore whether Vermont statutes can be modified to make it easier to merge school districts and pursue any other efforts to determine where school district consolidation would be practical and desired by the affected districts.

2. **Curriculum development.** In addition to setting curriculum standards, the State Board of Education and the Vermont Department of Education should develop a model curriculum for all grades that could be used by local school districts. The intent of this recommendation is to reduce the current need for, and the cost of, high-level curriculum development by staff and educational leadership in each local school district and to provide a guide to local school boards as they make budget decisions on which academic programs to offer. If a standard curriculum is established by the Vermont Department of Education and then adopted by the majority of school districts, this would greatly benefit children that move between school districts during their learning years. Students should be roughly at the same educational stage, following the same curriculum, regardless of where they attend school in Vermont.
3. **Chart of accounts.** The Vermont Department of Education needs to ensure that common definitions for the chart of accounts are used by school districts so that school spending by category can be compared across districts. Better information on school district costs should help school board members and voters determine whether costs are appropriate.
4. **School district purchases.** School districts should constantly look at ways to purchase supplies and services in a more cost-effective manner. Regional purchasing collaboratives should be investigated and pursued if there are opportunities for savings. The Vermont School Boards Insurance Trust (VSBIT) should pursue offering property, casualty and liability insurance in addition to health care insurance. VSBIT should investigate health care plan redesign to respond to the changing health care marketplace and encourage greater employee involvement in managing health care costs.
5. **Student-teacher ratios.** The most significant way to achieve meaningful cost savings is to reduce the number of teachers per pupil. The State Board of Education, Department of Education and local school districts need to look more closely at what teacher levels are necessary to ensure a quality education and meet established educational standards. The State Board of Education should establish recommended student-teacher ratios and class sizes for various grades and subjects. Local school boards should follow these standards.
6. **Administrative staff.** School administrative spending per student needs to be reduced from the highest in the nation to an amount that moves toward the national average. With consolidation of school districts, the number of administrative staff, including superintendents and purchasing and accounting staff, should be reduced.

## 7. **Teacher/Staff Compensation and Contracts.**

- To enhance public understanding and increase comparability of costs across school districts, the legislature should require school districts to provide the following information about teacher compensation, education and experience: the average per-diem (or per day) compensation for all teachers in the school district; the average education level for all teachers in the school district; and the average number of years of teaching for all teachers in the school district. Similar information should be provided for administrative staff in the school district. The Department of Education will need to develop a method for school districts to calculate compensation on a per-diem formula (i.e., total salary and benefits equal 'X' dollars a day).
- School districts should work to establish regional teachers contracts. A regional contract would allow local school boards to devote more time to education issues and less time and effort to contract negotiations. A regional teachers contract would also do away with the "leap-frog effect" that occurs at present when negotiators try to establish contract terms that are an increment better than the contract recently negotiated in a neighboring school district.
- As part of contract negotiations, districts should work to have employees pick up a greater share of their health care costs.
- School districts should work to implement compensation systems that reward excellent teachers who are responsible for improving student and school performance. The systems could include merit pay, bonuses or some other mechanism that links pay and improved student and school performance.
- Licensing provisions should facilitate the hiring of alternatively-prepared teachers from business and industry and other backgrounds.

8. **Teacher Professional Development and Support.** Local school districts should work to improve instruction in the classroom through teacher evaluation and professional development. A good evaluation system is essential to support teacher growth and improvement. Assessing teacher effectiveness is one of the key responsibilities of a school principal. A significant peer review component should be part of the assessment process and could result in more "buy-in" to the process by the teaching staff. Professional development should include mentoring and collegial support for new teachers and could include other approaches, such as using the Web to link professionals in order to share information, model lesson plans and resources. Professional development must be linked to action plans for improving student performance.

Every school district should develop a plan to identify and support those teachers defined as needing improvement. The performance of those teachers should then be closely monitored, and teachers should understand that future teaching assignments and/or employment in the district could be affected by their performance. Veteran teachers should be required to meet the same assessment standards as new teachers. Less emphasis on seniority and more on emphasis on performance should result in improved instruction in the classroom.

With a stronger system of professional development and more emphasis on teacher performance, the school district likely will be able to retain qualified teachers, reduce costs associated with teacher turnover and address issues raised by the federal No Child Left

Behind Act. In addition, having more qualified teachers on staff should result in better student performance and may result in less utilization of more expensive special education services.

9. **Special Education.** It is imperative that the state and school districts undertake efforts to control special education costs while continuing to provide for the educational needs of students in special education programs. The cost of special education has become an increasingly heavy burden on the state and school districts. The number of special education students increased from 10,804 in FY1994 to 14,292 in FY2001, an increase of 32.3%. During this same period, special education spending grew from \$75.6 million to \$137.8 million, an increase of 82.4%. The rate of increase in special education spending has been faster than the growth in regular education programs, and special education now accounts for about 17% of the total school budget.

The Lake Champlain Regional Chamber of Commerce and GBIC recognize that special education is a very complex topic. There are a number of questions relating to special education: Will changes in federal legislation provide more funding to the states for special education? Will the federal government become less prescriptive in how states manage their special education programs? Can the system be made less bureaucratic and litigious? Is a locally managed special education system the most cost effective and efficient way to manage special education? How can programs provided by the Agency of Human Services and special education services in local school districts be better coordinated?

The Chamber and GBIC believe the following proposals relating to special education merit serious consideration:

- A policy decision at the local level needs to be made to determine if the **classroom teacher** should be “cross trained” to teach both regular and special needs children concurrently or whether better-trained **paraeducators** under the general direction of the classroom teacher should be responsible for transferring knowledge to special needs children. In addition, there needs to be a discussion about whether students requiring special education could be grouped together instead of having one paraeducator for each student. Deciding upon one classroom policy may offer increased efficiencies and thereby less operational costs.
- A rapidly growing population of students with emotional disturbances and autism spectrum disorders has resulted in a significant increase in **specialized services**. The high expense of counseling and occupational therapy raises questions about how extensive the services should be. In addition, there is the question of whether school districts or state agencies (such as the Agency of Human Services) should share the professional responsibility and cost of these services. (For example, what share of the costs should be handled by school districts and funded by property taxes under Act 60/68 vs. other state agencies through general fund or other tax dollars?) We recommend that these issues be explored and policy guidelines developed. In particular, we need to look at whether Vermont regulations regarding these students are more prescriptive than federal regulations and whether they could be changed. In addition, we recommend that state review be required for special education service plans that exceed a certain

threshold level (which could be defined as a percentage of the average per pupil cost in that community or the average statewide per pupil cost.) The review should include an analysis of costs and whether the benefits justify the cost.

- The **effectiveness** of special education programs needs to be **measured**. Measures should include graduation rates, the number of students who are able to leave special education programs and the progress made by each child over time (e.g., progressing from one reading grade level to a higher grade level).
- The need for more **professional services** (i.e., speech pathologists, therapists, etc.) for the special education system has meant a higher price for services. Regionalization of professional services should be encouraged. Regionalization would allow for greater purchasing power and a more cost-effective and efficient usage of professional services.
- The trend toward **litigation to resolve disputes** related to special education students means that more and more parents, children, administrators, and teachers are using and accepting litigation as a given. The legislature should provide funding for a pool of attorneys to work with local school districts to assist them with dealing with special education litigation. Early legal advice/intervention is necessary so that local school districts can head off the long term costs relating to expensive and possibly unnecessary legal cases. In addition, school districts should also use mediation wherever possible to resolve disputes.
- A **considerable body of federal and state regulations** creates the framework for the special education system. The regulations are lengthy and complex and require a great deal of paperwork by local school districts. The state and federal governments need to reduce the sheer volume of the regulations that govern special education services in order to drive down the time, energy and cost associated with delivering special education services. The paperwork required to document and track special education cases must be reduced to the bare minimum necessary to document the procedures being used for individual students and the results of those efforts. All Vermont regulations that are more prescriptive than federal regulations need to be examined and a decision made on whether they are necessary, have an impact on increased cost or litigation and should be changed. For example, nothing in the federal law requires certain forms. While these forms are helpful in meeting the letter of the law, they also place a burden on schools and lead to due process hearing decisions that are based on technicalities rather than substance. Other examples of instances where Vermont regulations go beyond federal requirements include rules on when team meetings must be convened and on when school districts can have legal representation in a mediation proceeding.
- **Act 230**, passed in 1990, directed school districts to develop educational support teams and systems to support students who were not eligible for special education but who could benefit from additional assistance. This act was largely unfunded. Over the years, students who could have participated in the general student population with some additional assistance have ended up in the special education system, thus burdening special education programs. This issue needs to be addressed, and training is necessary so “regular education” teachers can better assist these students.
- The Commissioner and the Department of Education need to provide **leadership** to guide special education into a more educationally effective and cost-efficient model. The various efforts to address special education should be carefully monitored to ensure they result in appropriate changes in the way special education services are delivered.

Information on **best practices** in special education should be shared with all school districts, possibly through the Web.

- Our Congressional delegation should be encouraged to initiate and support legislation that provides more federal funding assistance for special education.

NOTE: The Chamber and GBIC have a number of other related position statements, including statements on tax and fiscal policy/education funding, economic development and the regional technical academy.

Approved by the GBIC Board on November 19, 2003 and the Chamber Board on November 19, 2003.