

Vermont K-12 Public Education **Base Case for Resource Management and Cost Containment**

Introduction

Vermont faces an education spending crisis. This paper proposes specific initiatives, embodied in a *base case*, to mitigate current and contain future education spending.

This paper expands upon research published in June last year (*Vermont K-12 Public Education- an Analysis of Spending and Performance 1990/91-2006/07*) and assumes familiarity with the daunting threats to Vermont posed by education spending (*Vermont Off-The-Rails: How Will Vermont cope with a Challenging Future, December '06*). Performance is not revisited for two reasons: (1) it was addressed last August (*Vermont's Public Education Report Card 2007- Grade C*) and (2) recent reports by the OECD (*Education at a Glance 2007*) and the World Bank (*Education Quality and Economic Growth*) are the most recent examples of accumulating evidence that argue persuasively that more efficient resource management, not more resources per se, is the key to improving performance.

The *base case* begins on page 6. It is preceded by an executive summary, a review of Vermont's FY97-FY06 education spending and a comparison of Vermont staffing with that of the US and selected states. The notations (*Tab/Exhibit #*) direct the reader to statistical data in the accompanying excel spreadsheet.

Executive Summary

The root cause of Vermont's education spending crisis is the growth in staff-related salaries, wages & benefits which account for approximately 80% of annual current expenditures.

Vermont's *current expenditures per-pupil* grew 7.2% p.a. from FY97 to FY06. This extraordinary growth- the highest in the US- was accompanied by a 7.1% p.a. per-pupil increase in salaries, wages & benefits. These costs accounted for 79.2% of the total increase in current expenditures during this nine year period. This growth in salaries, wages & benefits was fueled, in part, by a 22.6% increase in staffing while enrollment- which peaked in FY97- declined 9.1% and, in part, by annual increases in total compensation above private sector norms.

Comparative analyses of Vermont staffing vis-à-vis US norms as well as other small school systems point to excess staffing.

Mitigating the impact of salaries, wages & benefits on education spending necessitates reducing staff over the near-term and containing annual increases in total compensation over the long-term.

Resolving the education spending crisis affords Vermont the opportunity to manage education resources more efficiently and cost-effectively, i.e. to optimize their management in a manner consistent with statewide financing and Vermonters' preference for local control of local schools. Optimizing the management of educational resources requires four core, integrally related state initiatives and three supporting initiatives; specifically, the core initiatives include:

(1) Shifting responsibility for, management of and payment for *all* resources required by special education from local supervisory unions and school districts to the state.

(2) Establishing statewide parameters for all resources by function and purpose (e.g. pupil/teacher, pupil guidance counselor, administrator/support staff, etc.) that, for regular education, would reflect school size and type.

(3) Setting annually statewide total compensation (salaries, wages & benefits) by function based on Vermont private sector workers' total compensation so that the total compensation of public school employees rises no more rapidly than that of Vermont private sector workers.

(4) Providing local school boards and administrators with 'on-call' consultancy support to assist with non-routine issues.

The three support initiatives provide (a) clarity on the roles and responsibilities of all stakeholders, (b) clear/specific achievement standards by grade and curriculum options that conform to these standards and (c) clear policies governing school administration and school environment.

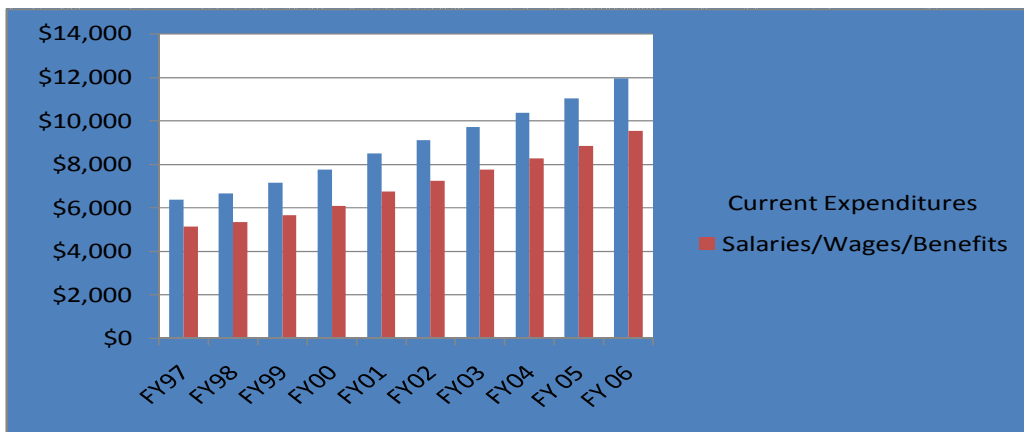
The application to Vermont's current schools and staffing of *base case* resource parameters and proposed organization for managing education resources results in a 15.1% reduction in staff and a 9.3% reduction in current expenditures (\$107 million in FY06 dollars). These parameters, organizational structure and disciplined approach to annual increases in total compensation predicated on private sector workers' total compensation mitigate current education spending and contain future spending.

Reducing staff and reorganizing Vermont's management of education resources will not be painless. Most private sector reorganizations- which have become commonplace over the last 25 years- treat employees fairly and equitably and Vermont must do so as well. There will be undoubtedly short term costs associated with doing so. *However, the stakes for Vermont are high and business as usual is not an option.*

VT Per-Pupil Spending FY97-FY06: Current Expenditures/Salaries, Wages & Benefits

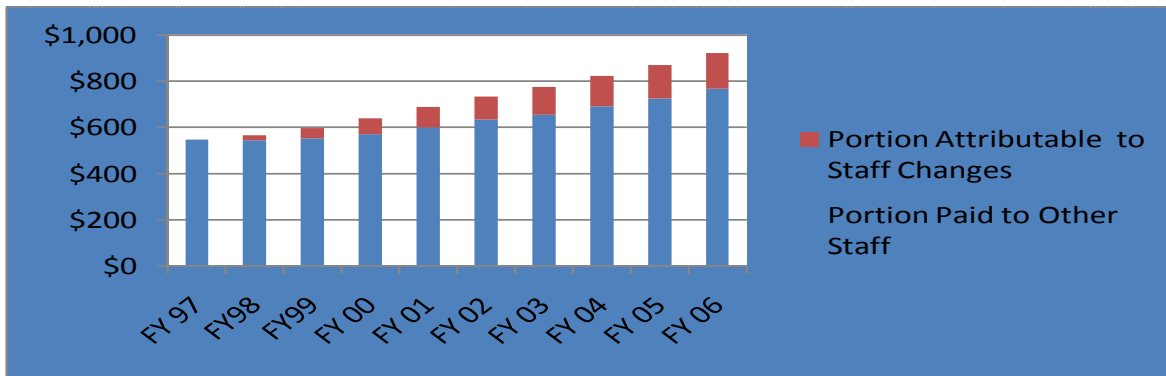
Between FY97 and FY06, current expenditures (CE) and salaries, wages & benefits (SWB) increased 6.1% and 6.0% p.a. respectively. As enrollment declined 1.1% p.a., CE and SWB per-pupil increased 7.2% and 7.1% p.a. respectively. SWB, which account for approximately 80% of annual CE, accounted for 79.2% of the total increase in CE during this nine year period. (Spending/1.0, 1.3 & 1.5)

Vermont Per-Pupil Spending FY97-FY06 (Spending/2.0)



SWB growth was fueled, in part, by a 22.6% increase in staffing that accounted for 13.2% (\$872.6 million) of total FY98-FY06 CE and 13.5% (\$156.5 million) of FY06 CE. (Staffing/5.0 & 6.0)

Vermont: Share of Total Salaries/Wages Benefits (in millions) FY98-FY06 (Staffing/6.0)



Direct Instruction (teachers and teacher assistants) increased by 21.5% (+2,319) accounting for 66% of increased staffing and 65.5% of the cumulative increased cost caused by staffing changes. Support Services Students (attendance/social work, guidance counselors, nurses, etc) increased by 43.8% (+404) while Support Services School Administration (Principals/Assistant Principals, administrative assistants/clerical, bookkeepers, etc) by 33.1% (+326). Central Support Services (statistical & data processing, planning/research, business managers, etc) increased by 68.4% (+149). (Staffing 6.0)

VT: Staff Changes by Function		Fall 96	Fall 05	+/-	+/-	% of
FY97-FY06		FY 97	FY 06	#	%	Total +/-
1000	Direct Instructional Services	10,786	13,105	2,319	21.5%	66.0%
	<i>Teachers</i>	7,712	8,847	1,135	14.7%	32.3%
	<i>Teachers Assistants</i>	3,074	4,258	1,184	38.5%	33.7%
2100	Support Services Students	921	1,325	404	43.8%	11.5%
2200	Support Services Instructional Staff	509	638	129	25.4%	3.7%
2300	Support Services General Admin.	195	177	-18	-9.2%	-0.5%
2400	Support Services School Administration	985	1,311	326	33.1%	9.3%
2500	Central Support Services	218	367	149	68.4%	4.2%
2600	Operations/Maintenance & Security	926	1,165	239	25.8%	6.8%
2700	Student Transportation Staff	339	349	10	2.9%	0.3%
3100	Food Service Staff	678	632	-46	-6.8%	-1.3%
	Total Staff	15,555	19,069	3,514	22.6%	100.0%

SWB growth was also fueled, in part, by annual increases in total compensation in excess of private sector norms. Annual teacher and teacher assistant total compensation grew 4.4% and 5.7% respectively between FY01 and FY06 vs. 3.4% for all US private industry workers. Benefits (primarily healthcare) were a cost driver, growing approximately 8.6% p.a. (Staffing/12.1)

Annual Growth in Total Compensation	FY01-FY06	
Vermont Teachers	4.4%	(Salaries 3.6%; other-primarily healthcare 8.6%)
Vermont Teacher Assistants	5.7%	(Salaries 3.7%; other-primarily healthcare 8.6%)
All US Private Industry Workers	3.4%	

During the period for which comparables are available, i.e. from FY97-FY04, Vermont's CE per-pupil grew 7.5% p.a.- a higher rate than any other US state, 50% faster than the average US rate (5%) and 33% faster than the average rate (5.7%) of the other five New England states. In FY97 Vermont's CE per-pupil exceeded the US average by 14% and was -5.9% below the average New England rate. By FY04 Vermont's CE per-pupil spending exceeded the US and NE averages by 34.9% and 6.5% respectively. (Spending/4.1 & 4.2)

Comparative Staffing Ratios: Vermont vs US and Selected States

Vermont's staffing ratios have consistently been the lowest in the US. With increased staffing as enrollment declined, these ratios have continued to trend lower. As noted below Vermont's ratios are substantially lower than comparable ratios for the US, Massachusetts (the best performing state on recent NAEP 2007 tests) and Group A (comprised of four small enrollment states- Alaska, Wyoming, Delaware and North Dakota). Applying their respective ratios to Vermont FY04 staffing suggests that Vermont is at least +/- 28% overstaffed overall with teacher assistants staffing substantially above norms. (Staffing/7.0-7.7)

Comparative Staffing Ratios: Vermont vs. US, Massachusetts and Group A

	<u>FY 97</u>	<u>FY 04</u>	<u>FY 07</u>	<u>FY 04</u>	<u>FY 04</u>	<u>FY 04</u>	<u>FY 04</u>
					<u># VT Staff</u>	<u>Impact on</u>	<u>Reduction</u>
<u>Direct Instruction</u>					<u>Applying</u>	<u>Existing</u>	<u>Existing</u>
<u>Pupil/Teacher Ratio</u>					<u>Ratio</u>	<u>VT Staff</u>	<u>VT Staff</u>
Vermont	13.8	11.3	10.8	11.3			
US	17.1	15.9		15.9	6,223.2	(2,529)	-28.9%
Massachusetts	14.5	13.6		13.6	7,285.7	(1,467)	-16.8%
Group A	16.0	14.6		14.6	6,786.6	(1,966)	-22.5%
<u>Pupil/Teacher Assistant Ratio</u>							
Vermont	34.6	23.5	22.0	23.5			
US	88.3	70.8		70.8	1,398.5	(2,815)	-66.8%
Massachusetts	67.3	53.7		53.7	1,845.2	(2,368)	-56.2%
Group A	87.1	63.3		63.3	1,565.3	(2,648)	-62.8%
<u>SpEd Enrollment/Teacher Assistant Ratio</u>							
Vermont	3.9	3.2	3.2	3.2			
US	11.1	9.7		9.7	1,412.2	(2,801)	-66.5%
Massachusetts	11.5	8.7		8.7	1,571.7	(2,641)	-62.7%
Group A	11.4	9.3		9.3	1,478.3	(2,735)	-64.9%
<u>Teachers/Teacher Assistant Ratio</u>							
Vermont	2.5	2.1	2.0	2.1			
US	5.2	4.4		4.4	1,967.0	(2,246)	-53.3%
Massachusetts	4.7	3.9		3.9	2,244.3	(1,969)	-46.7%
Group A	5.4	4.3		4.3	2,023.7	(2,189)	-52.0%
<u>Pupil/Total Staff Ratio</u>							
Vermont	6.8	5.3	5.0	5.3			
US	9.0	8.2		8.2	12,153.2	(6,634)	-35.3%
Massachusetts	8.0	7.3		7.3	13,573.3	(5,214)	-27.8%
Group A	8.4	7.3		7.3	13,666.9	(5,120)	-27.3%

Furthermore, the application of these comparative ratios suggests that Vermont's overstaffing is largely attributable to Direct Instruction (teachers and teacher assistants). The following comparisons of FY04 staff ratios excluding teachers and teacher assistants appear to confirm this assessment. While certainly lower than comparable US and Massachusetts ratios, Vermont's total Pupil/Staff ratio (excluding teachers and teacher assistants) is relatively modestly lower than Group A's composite ratio. The reduction in staffing that would make Vermont's ratio comparable with Group A's approximates 578 fewer staff, equivalent to a 10% reduction of FY04 non-direct instructional staff. (Staffing/8.4)

Comparative Staffing Ratios Excluding Teachers and Teacher Assistants

	FY 04 USA	FY 04 MA	FY 04 VT	FY 04 Group A
<u>Pupil/Staff Ratio excluding Teachers/TA's</u>	<u>21.9</u>	<u>22.2</u>	<u>17.3</u>	<u>19.2</u>
<u>School District Staff</u>	<u>171.6</u>	<u>134.3</u>	<u>116.6</u>	<u>122.7</u>
<i>Officials & Administrators</i>	765.4	559.9	674.2	306.0
<i>Administrative Support Staff</i>	276.7	221.1	257.4	290.1
<i>Instruction Coordinators</i>	1101.6	879.3	311.6	696.0
<u>School Staff</u>	<u>79.3</u>	<u>80.0</u>	<u>49.9</u>	<u>69.7</u>
<i>Principals and Assistant Principals</i>	293.8	267.4	224.7	248.9
<i>School and Library Support Staff</i>	165.4	177.7	110.7	160.8
<i>Guidance Counselors</i>	488.4	462.9	232.6	365.3
<i>Librarians</i>	893.1	1036.4	438.5	723.4
<u>Support Staff</u>	<u>36.6</u>	<u>40.0</u>	<u>34.1</u>	<u>33.8</u>
<i>Student Support Staff</i>	254.6	139.7	131.1	220.1
<i>Other Support Services Staff</i>	42.8	56.0	46.1	39.9

Comparative ratios can be useful. As suggested by OECD (*Education at a Glance 2007*), however, US states are not managing education resources efficiently.

The OECD applied an efficiency indicator to member country spending that assessed learning outcomes (*output efficiency*) with education spending per-pupil (*input efficiency*). It concluded that there is potential across OECD countries for increasing learning outcomes by 22% at current levels of spending while maintaining current learning outcomes should require 30% less than is being spent. The US was included among the countries that perform significantly below the level of performance predicted from its per-pupil spending. And, as we've seen, Vermont is among the highest per-pupil spenders in the US.

The OECD concludes:

While spending on educational institutions is a necessary prerequisite for the provision of high-quality education, spending alone is not sufficient to achieve high levels of outcomes and the effective use of these resources is important in achieving good outcomes' (page 265)

Comparing Vermont's staffing ratios with those of others highlights staffing as an issue that needs to be addressed. Viewing these comparisons within the OECD framework, however, suggests a *fresh approach* to Vermont education spending is needed. This fresh approach is embodied in the *base case*.

Base Case- Optimizing Management of Vermont's Education Resources

Premise, Initiatives and Scope

The *base case* proposes specific initiatives designed to enhance Vermont's management of education resources, reduce current education spending and contain its future growth. The *base case* is predicated on a simple premise; i.e.

Vermonters value education and, overwhelmingly, local control of local schools; local school boards should be firmly in control and be provided cost-effectively with the resources, information and assistance they require to manage the manageable in an informed and timely manner.

The most critical word here is *manageable*. Special education (SpEd) issues are largely unmanageable by local school boards and administrators. Furthermore, the *noise* associated with SpEd issues- administrative, staffing, budget, tax and legal- impede significantly the capacity of local boards and administrators to devote time, energy and resources to regular education (RegEd).

To optimize the management of Vermont's education resources in a manner consistent with statewide financing and Vermonters' preference for local control of local schools the *base case* requires four core, integrally related state initiatives and three supporting initiatives. The four core initiatives include:

(1) Shifting responsibility for, management of and payment for all resources required by special education from local supervisory unions and school districts to the state.

The state pays directly and assumes full responsibility for all SpEd resources including but not limited to SpEd Directors, teachers, teacher assistants, administrative support, contracted services, consultancy and legal. SpEd Directors assume full responsibility for negotiating individual education plans (IEPs) as well as for identifying and deploying the resources required by them.

(2) Establishing statewide by function and by purpose resource parameters which, for regular education, reflect school size and type.

The state establishes target parameters for all required RegEd and SpEd resources based on function and purpose. Resource parameters for RegEd reflect school size and type. Typical parameters would include Pupil/Teacher, Pupil/guidance counselor, administrator/support staff, etc.

At inception, the staffing parameters by function applicable to each school will reflect its actual staffing by function. Over an agreed upon phase-in period, schools whose staffing exceeds state parameters are obliged to manage their staffing down to conform with applicable parameters.

(3) Setting annually statewide total compensation (salaries, wages & benefits) by function based on Vermont private sector workers' total compensation so that the total compensation of public school employees rises nor more rapidly than that of Vermont private sector workers.

At inception and over an agreed upon phase-in period, the state will pay its calculated increase in total compensation by function to each district based upon its existing staffing and total compensation by function. Upon full implementation, the state will pay districts the statewide average total compensation by function times the permitted number of staff per function. Since the amount of total compensation is fixed, there is no need to negotiate compensation under union contracts.

(4) Providing local school boards and administrators with ‘on-call’ consultancy support to assist with non-routine issues.

Supported by competent local administrators (principals, office staff, etc) local school boards can manage RegEd’s largely routine administrative demands. They need, however, ready access to experts for non-routine issues that will typically include interpretation of state policies and staff related grievance and severance issues.

The three support initiatives include providing (a) clarity on the roles and responsibilities of all stakeholders, (b) clear/specific achievement standards by grade and curriculum options that conform to these standards and (c) clear policies governing school administration and school environment.

The scope of this *base case* is primarily on three of the four core initiatives, i.e. the separation of SpEd from RegEd (#1), resource parameters (#2) and access to ‘on call’ consultancy (#4), and one of the support initiatives, i.e. clarity of roles and responsibilities. Core initiative #3 (annual compensation) and the remaining two support initiatives (achievement standards/curriculum options and school administration/environment policies) will be addressed in the near future.

This *base case* applies resource parameters to both direct instructional and non-instructional staff and outlines an organizational structure designed to optimize the management of both RegEd and SpEd resources. These parameters are applied to Vermont’s existing staffing and school/district facilities. Consistent with Vermonters’ preference for local schools, the *base case* assumes no school closings or consolidations. *The parameters themselves, though deemed reasonable based on research, are not inflexible. On the contrary, the methodology and framework embodied in the base case are adaptable to change as warranted as long as the ultimate objective is not lost, i.e. Vermont’s imperative need to mitigate current and contain future education spending.*

Vermont Staffing & Facilities FY07

Understanding *base case* parameters and organizational change requires familiarity with Vermont’s current enrollment, facilities and staffing. In FY07 351 facilities served 95,461 pupils- 315 schools served 93,580 pupils (297 avg. enrollment) and 36 Supervisory Unions/School Districts served 1,881 pupils (52 avg. enrollment). Two other facilities- the Patricia Hannaford Career Center and Southwest Vermont Career Development Center- provided services but had no enrollment attributed to them. (Admin&Support/1.0)

FY07 Enrollment & Facilities		# <u>Schools/Fac.</u>	# <u>Pupils</u>	<u>Average School Size</u>
		<u>351</u>	<u>95,461</u>	<u>272</u>
Supervisory Unions/School Districts		36	1,881	52
Schools	School Size	<u>315</u>	<u>93,580</u>	<u>297</u>
	<50	16	563	35
	51-100	41	3,196	78
	101-200	85	12,278	144
	201-300	64	16,087	251
	301-400	42	14,729	351
	401-500	21	9,170	437
	501-1000	36	25,710	714
	>1001	10	11,847	1,185

FY07 staffing totaled 19,221 of which 18,433 (or 96%) were employed at facilities with pupils. Direct Instruction comprised of teachers and teacher assistants totaled 13,185 or 68.6% of total staff. Administrative/instructional support totaled 3,942 or 20.5% of total staff while the balance of 2,094 (or 10.9%) is attributable to Operations/Maintenance, Food Service and Transportation. (Admin&Support/1.0)

FY07 Staffing by Facility & Function		Direct Instruction		Admin/ Instruction Support	O & M Food & Transport.
		Total	Teacher		
Total	FTE	F1000	F 1000	F 1000	
Total Staffing	19,221.09	13,185.22	8,855.77	4,329.45	3,941.97
Facilities without Pupils	788.31	359.24	149.10	210.14	335.66
Patricia A. Hannaford Career Center	39.20	25.50	20.50	5.00	8.90
Southwest Vermont Career Dev. Center.	33.00	22.00	18.00	4.00	9.00
Supervisory Unions/School Districts (21 total)	716.11	311.74	110.60	201.14	317.76
Schools (315) & SU/SD (36) with Pupils	18,432.78	12,825.98	8,706.67	4,119.31	3,606.31

Direct Instructional Staff

The *base case's* application of resource parameters to direct instructional staff draws a clear distinction between by SpEd and RegEd.

SpEd

The FY05 US average Pupil/Teacher (P/T) ratio for specialized SpEd schools was 7.4. The *base case* assumes 7.0. (Staffing/10.0) The *base case* also assumes, in the absence of a national standard, a Pupil/Teacher Assistant (P/TA) ratio of 7.0. This means, effectively, a P/T+TA ratio for SpEd children of 3.5 and is believed to be consistent with Vermont's more *inclusive* approach to SpEd, i.e. Vermont SpEd pupils spend considerably more time in the classroom than SpEd pupils do on average nationally.

RegEd

With the direct instructional needs of SpEd children addressed, the *base case* assumes a competent teacher can manage a class size of RegEd pupils at a P/T ratio of 15.0. As RegEd young children have special needs, RegEd teacher assistants are allocated to EEE thru 1st Grade on a 15.0 basis as well.

Application of Resource Parameters

These resource parameters *were applied to each of* Vermont's 351 schools/facilities with an enrollment of 95,461 pupils in FY07, i.e. 276 elementary schools (55,229), 54 secondary (31,981) and 21 combined elementary/secondary (8,251). The direction instructional staffing at the Hannaford and Southwest Vermont Career Centers were left unchanged. SpEd pupils were assumed to be spread evenly throughout the school system at their current 14.5% share of total enrollment. If the result generated other than a whole number for total required teachers and teacher assistants per school, the number of teachers and/or teacher assistants was rounded up to a whole number if the fraction was >0.25 and rounded down if <=0.25. This rounding resulted in an increase in system wide teachers and teacher assistants of 85.69 and 94.36 respectively.

Applying these resource parameters results in 2,626 fewer direct instructional staff (-19.9%), i.e. 1,312 fewer teachers (-14.9%) and 1,314 fewer teachers assistants (-30.4%), and the changes noted below in the aggregate ratios. The revised P/T ratio, i.e. 12.65, would have ranked Vermont 3rd lowest in FY04 (US average 15.9) and the revised Pupil/Teacher Assistant ratio, i.e. 31.66, would remain the lowest in the US (average 70.8). (Schools/5.0; Staffing/7.3)

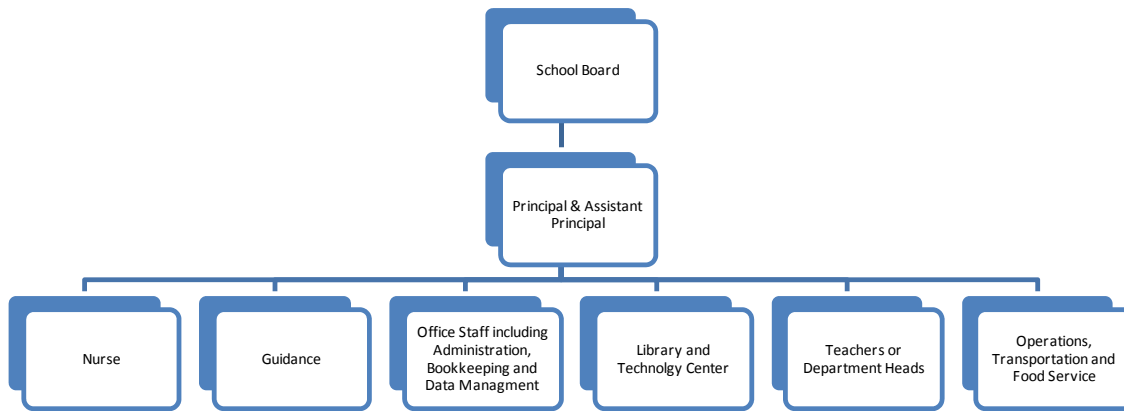
Staffing Ratios: Direct Instruction- FY07 Actual vs. Revised

	<u>FY07</u> <u>P/T+TA</u>	<u>FY07</u> <u>P/T</u>	<u>FY07</u> <u>P/TA</u>	<u>Revised</u> <u>P/T+TA</u>	<u>Revised</u> <u>P/T</u>	<u>Revised</u> <u>P/TA</u>
Total	7.24	10.78	22.05	9.04	12.65	31.66
Elementary	6.85	10.80	18.69	8.52	12.66	26.08
Secondary	8.78	11.50	37.12	10.07	12.81	47.10
Combined	7.38	10.14	27.20	9.66	12.79	39.48

Organization

Optimizing resource management requires organizational clarity, resource parameters and accurate/timely data.

The *base case* is predicated on local control of local schools. School boards and local administrators need the resources to manage issues effectively. The *base case* assumes the organizational structure of a typical school looks like this.

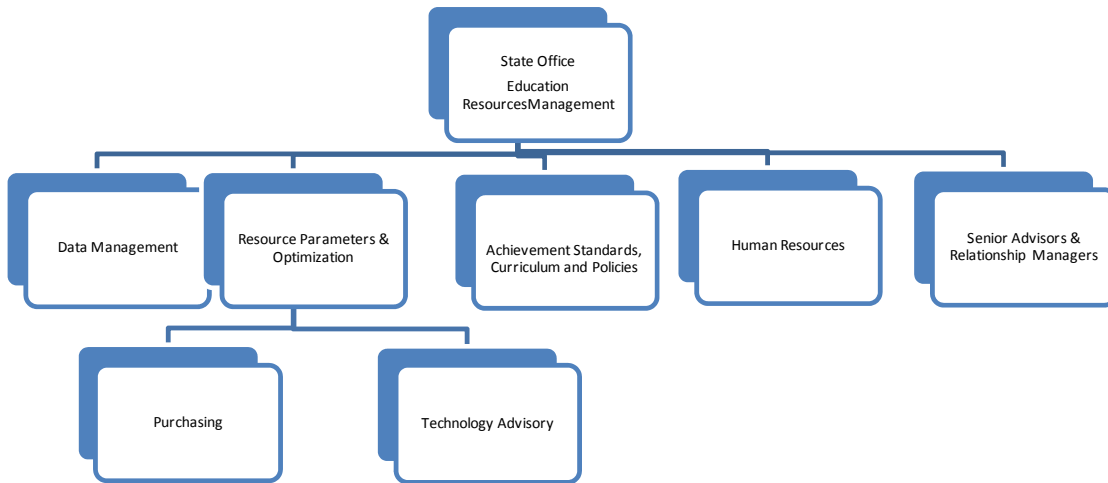


A school board, assisted by a qualified principal(s) and office staff, is capable of managing most issues. For extraordinary needs, the school board and/or principal will interface with its designated Senior Advisor/Relationship Manager (SA/RM), a state function. The logical candidates for these positions are current Superintendents. A school’s designated SA/RM is its *window* to the assistance it needs. If its SA/RM can’t provide the required assistance, his/her job is to put the school in contact with someone who can. Assistance with personnel issues (e.g. background checking, hiring and severance issues) will be provided by an office of Human Resources, a state function. This office will also provide a critical component for effective resource management and cost containment, i.e. annual total compensation (salaries, wages & benefits) guidance by function in line Vermont private sector workers’ total compensation.

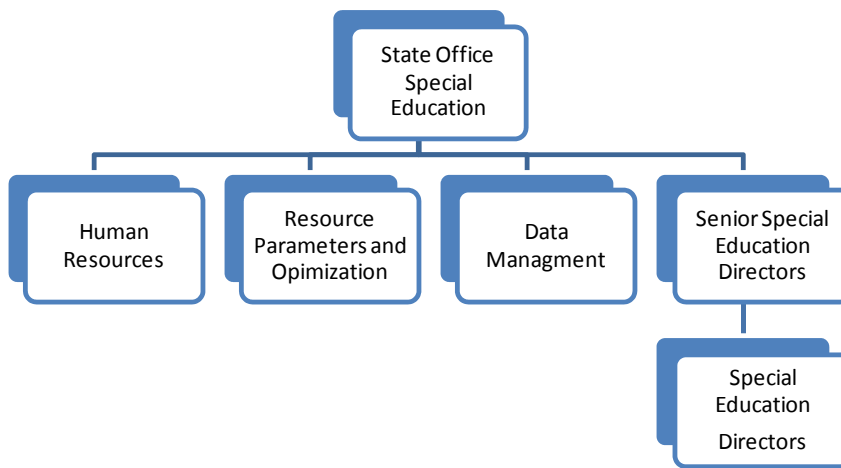
Every school/facility has the staff resources to address the non-instructional needs of students (e.g. health, guidance, library/technology) and administrative needs (bookkeeping, data management and other administrative demands). Some of these responsibilities may be assumed by the same individual in the smaller schools, but all schools/facilities, regardless of size, have the requisite resources.

Data managers interface with the office Data Management, a state function. Data management includes all non-confidential pupil, staff and performance (e.g. tests results) information required by state and federal authorities. This data is transmitted electronically in forms designed by Data Management. The one exception is financial data. That's the responsibility of the bookkeeper who interfaces with the office of the Director of Resource Parameters and Optimization, also a state function. This office exists to develop resource parameters by function and purpose, assist with financial questions/issues and to identify opportunities to meet resource demands more cost-effectively. It will be staffed with technology and purchasing experts/coordinators to assist with *economy of scale* opportunities (e.g. equipment purchasing/leasing, supplies, fuel, etc)

The state organization to support local schools' needs looks like this.



Special Education needs the resources to operate largely as a self-standing entity. Its organization looks like this.



The office of Resource Parameters/Optimization will play a particularly key role. Compliance with IEP's requires diverse capabilities/skills as well as, on occasion, legal and consultancy expertise. Dealing professionally and in an informed manner with the cost-benefit equation, i.e. whether it is more cost-effective to provide services required by IEPs with in-house resources or outside resources- will be critical to managing SpEd expenditures optimally.

Non Direct Instructional Staff

The following addresses the allocation of non-instructional staff to local schools and the state consistent with the above described organizational structures. It focuses on all FY07 non-instructional staff except those employed in Operations & Maintenance, transportation and food service, i.e. 3,942 employees of the total of 6,036 non-instructional staff. (Admin & Support/1.5)

Reconciliation of Staff By Function & Location		At Schools	At SU's	Total Staff
Function	Total Staff FY07	16,806	2,415	19,221
1000		<i>87.4%</i>	<i>12.6%</i>	<i>100.0%</i>
	<u>Direct Instruction</u>	<u>12,051</u>	<u>1,134</u>	<u>13,185</u>
	<i>Teachers</i>	<i>8,340</i>	<i>516</i>	<i>8,856</i>
	<i>Teacher Assistants</i>	<i>3,711</i>	<i>619</i>	<i>4,329</i>
	Net Non-Instructional Staff	<u>4,755</u>	<u>1,281</u>	<u>6,036</u>
2600	Operations/Maintenance & Security	(1,072)	(86)	(1,157)
2700	Student Transportation Staff	(201)	(148)	(349)
3100	Food Service Staff	<u>(540)</u>	<u>(48)</u>	<u>(588)</u>
	Net Ex. O&M/ Transportation/Food	2,943	999	3,942
		74.7%	25.3%	100.0%

The *base case* applies the following non-instructional staffing parameters for schools' *core* staffing needs based on enrollment.

Basic Non-Instructional Staffing Needs by Function & School Size

School Size	Principals Full Year	Principal School Yr	Assistant Principals	Admin/ Office		Guidance Counselors	Health (Nurse)	Book- Keeper	Data Mgmt	Librarian/ Technology	Total
				Office Mgr	Office Assistants					& Library Support	
<50		1.00		0.25	0.25	1.00	1.00	0.25	0.25	Teacher	4.00
51-100		1.00		0.50	0.50	1.00	1.00	0.50	0.50	Teacher	5.00
101-200	1.00			0.50	0.50	1.00	1.00	0.50	0.50	1.00	6.00
201-300	1.00			1.00	1.00	1.00	1.00	0.50	0.50	2.00	8.00
301-400	1.00		1.00	1.00	1.00	1.00	1.00	0.50	0.50	2.00	9.00
401-500	1.00		1.00	1.00	1.50	2.00	2.00	1.00	0.50	2.00	12.00
501-1000	1.00		1.00	1.00	1.50	3.00	3.00	1.00	0.50	3.00	15.00
>1001	1.00		1.00	1.00	2.00	3.00	3.00	1.00	1.00	4.00	17.00

The *base case* then estimates the staffing needs by function of the envisioned State Office of Resource Management and the new Office for Special Education. A line-by-line explanation of these needs by function is available in the accompanying excel spreadsheet. (Admin & Support/1.5)

The net results of the application of the aforementioned resource parameters to total Vermont FY07 staffing excluding operations/maintenance, transportation and food service, i.e. to 17,127 out of a total staff of 19,221, are a staff reduction of 2,906 (15.1% of total FY07 staffing) and a spending reduction of \$107.2 million representing 9.3% of FY06 current expenditures. Vermont's revised pupil/staff ratio of 5.85 (95,461/16,315) vs. 5.0 in FY07 would have been the second lowest among US state public school systems in FY04. (Staffing/7.3)

Summary of the Results of Applying Resource Parameters (Staffing 11.2)

	Actual	+/- Revised vs Actual Am't/#	+/- Revised vs Actual %	Total Revised Staffing	Located in RegEd	Located in SpEd
Total Salaries/Wages & Benefits (thousands)	\$922,605	-	-	-	-	-
Actual FY07	-	-	-	-	-	-
Total Staff	17,127	(2,906)	-17.0%	14,222	9,650	4,571
<i>Instructional</i>	13,185	(2,627)	-19.9%	10,559	6,514	4,044
<i>Other</i>	3,942	(279)	-7.1%	3,663	3,136	527
Total SWB of 17,127 staff @ FY06 Compensation	\$832,546	(\$107,197)	-12.9%	\$725,349	\$521,111	\$204,238
<i>Percent of Total FY06 Salaries/Wages/Benefits</i>	90.2%	-	-	100.0%	71.8%	28.2%
<i>Percent of FY06 Current Expenditures</i>	-	-9.3%	-	-	-	-

RegEd and SpEd comprise 9,649 (67.8%) and 4,571 (32.2%) respectively of a revised total staffing of 14,222. The envisioned State Office of Education Resource Management has a staff of 77 while Special Education senior management and staffers total 32 (not shown). (Admin & Support/1.5)

FY07: Actual vs. Revised Staffing by Function and Location

Function	Totals	Actual FY07	+/- Revised vs Actual	Total Revised	Located RegEd	Located SpEd
1000	Direct Instructional Services	13,185	(2,626)	10,559	6,514	4,044
2100	Support Services Students	1,359	(328)	1,031	1,031	
2200	Support Services Instructional Staff Support Gen. Admin./State Resource Management	684	(125)	559	559	
2300	Management	191	(114)	77	77	
2400	Support Services School Administration	1,324	144	1,468	1,468	
2350	Special Education		527			527
2500	Central Support Services	383	(383)			

Concluding Comments

The *base case* provides a flexible framework and methodology, predicated on Vermonters' values of local control of local schools and an inclusive SpEd, which mitigate current and contain future education

spending. Specifically, *base case* parameters provide the instructional and support staff required to meet the needs of both RegEd and SpEd organized in a manner that affords Vermont the opportunity to enhance significantly the management of education resources.

The separation of RegEd from SpEd provides two important benefits: (1) enhanced transparency of the resources required by both RegEd and SpEd that fosters managing them more efficiently and cost-effectively and (2) enhanced focus on RegEd and SpEd pupils by resources dedicated to their respective needs.

The *base case* methodology is flexible. *Base case* parameters applied to Vermont's existing educational facilities and staffing identify the scope of the benefits available to Vermont from the proactive management of educational resources in a transparent and informed manner. *The parameters themselves are not cast in stone. On the contrary, they can be changed to meet changing conditions. Any changes, however, should not lose sight of their intended purpose, i.e. to mitigate current and contain future education spending.*

The enumerated staff and spending reductions do not include savings vis-à-vis existing state education offices that currently provide many of the services envisioned for the new State Office of Education Resource Management. The current resources dedicated to these functions are not readily transparent and, therefore, were not addressed. Furthermore, the enumerated reductions do not include the additional economies that will undoubtedly be identified once the state resource managers are fully up-to-speed with the process of establishing resource parameters and discussing needs issues with local school administrators. One of their principal responsibilities is to identify opportunities that don't negatively impact our children's legitimate needs. Interactions with local administrators will help them identify these opportunities.

Finally, there are a number of loose ends that need to be addressed. These include not only developing an appropriate methodology for core initiative #3 (total compensation by function based upon comparable private sector workers' total compensation) but also flushing out the support initiatives to provide clarity with respect to achievement standards/curriculum options and school administration/environment policies. Loose ends include as well developing resource parameters for operations/maintenance, transportation, and food service. It is noteworthy that transportation and food service staffing have changed modestly since FY97, i.e. up 0.3% and down 1.3% respectively. Vermont schools appear to be proactively managing these two functions via contracted services (i.e. outsourcing). Lastly, the administrative duties associated with children tuitioned to both in-state private schools not included herein as well as out-of-state schools need to be assimilated within the recommended administrative structure. School directors of districts that tuition all or a portion of their students will undoubtedly conclude that the most cost-effective means to resolve this issue will be to piggy-back the administrative capabilities of nearby public schools.

Reorganizations, however commonplace in the private sector, are rarely painless-even small ones- for those directly impacted. The public sector should not be immune from reorganizations warranted by circumstances. Vermont's education spending and attendant tax crisis warrants change. Most private sector reorganizations treat their employees fairly and equitably. Vermont must do so as well and there will be undoubtedly- notwithstanding a transition period- incremental costs associated with doing so. *However, the stakes for Vermont are high and business as usual is not an option.*