

**Report of the
Committee on the Financing and Effectiveness of
the
Vermont Education System in the 21st Century**

**January 2010
Act No. 1, Sec. H.57 (2009 Special Session)**

Committee on the Financing and Effectiveness of the Vermont Education System in the 21st Century

January 2010

I. Creation, Charge, and Meetings

Section H.57 of Act No. 1 of the 2009 Special Session created the Committee on the Financing and Effectiveness of the Vermont Education System in the 21st Century (the Committee) and instructed it “to examine potential improvements to the structure and funding of the Vermont educational system in light of the state’s limited financial resources.” See Attachment A for the complete text of Sec. H.57 and Attachment B for a list of the Committee’s members.

The Committee met six times during the 2009 Legislative Interim and heard from more than 30 witnesses, including members of the public. See Attachment C. Copies of the agendas, minutes, and electronic versions of documents presented to the Committee can be found on the Department of Education website.

The Committee members examined the current education governance and funding systems in Vermont. While keeping in mind that any changes to Vermont’s education system should promote the most efficient use of resources and the best education for students, the members considered the elements of an ideal governance structure and funding mechanism. They focused particular attention on understanding the duties performed by supervisory unions and school districts and discussing ways to improve the efficiency and effectiveness of their performance. In addition, the members explored the process by which a student’s need for special education is determined and services are delivered. The Committee also reviewed current teacher / student ratios and average class sizes and considered whether imposing limits on either would promote the dual purposes of making efficient use of resources and providing an excellent education to Vermont’s students. Dr. David Silvernail from the University of Southern Maine provided testimony on the recent sweeping changes to education structure and financing in Maine and discussed them with the Committee. See Attachment D for a list of many ideas that were discussed or presented at Committee meetings.

II. Supervisory Union Duties

A. Overview

Vermont is currently divided into 46 supervisory unions, each of which employs a superintendent who serves multiple, relatively autonomous school districts. In addition, there are 12 supervisory districts and 2 interstate school districts that employ superintendents and function much the same as a school district.

[S]chool districts [are] led by school boards that vary in size from three to 14 members, totaling over 1,300 elected school board members operating a school system that serves about 95,000 students. There are many school district configurations, including town school districts, union high school districts, city school districts, incorporated school districts and unified union districts.

The Governance of Education in Vermont – 1777 to 2006, Richard H. Cate, former Commissioner of Education (May 12, 2006).

Although the fundamental organization of Vermont's educational system has remained relatively unchanged for more than 100 years, the duties required of supervisory unions and school districts, and the relationships among these entities, have increased in both number and complexity. In addition, the *nature* of the relationship between a supervisory union and its member districts varies widely among supervisory unions, as does the assignment of responsibilities. Furthermore, some supervisory union and district boards spend precious time resolving issues that are managerial in nature, while some superintendents make policy decisions more appropriately within a board's purview. Not surprisingly, there is confusion and duplication of efforts.

Clearer delineation of roles and responsibilities may lead to more efficient and effective management of resources. At the very least, creating a more comprehensible, relatively standardized relationship between supervisory unions and their member districts will make it easier to compare and evaluate activities performed by these entities and to identify the most efficient and effective practices.

See Attachment E for the current text of 16 V.S.A. § 261a (supervisory union duties) and 16 V.S.A. § 242 (superintendent duties).

B. Recommendations

The Committee's recommendations¹ include the following changes to the statutory responsibilities of supervisory unions and superintendents. These recommendations are set out in more detail in the tables on the following pages.

Duties of Supervisory Unions

* Supervisory unions are currently required to set policy to coordinate curriculum plans among the schools in the supervisory union. The Committee recommends that the Legislature direct each supervisory union to develop and implement a supervisory union-wide curriculum consistent with statewide standards and grade-level expectations. Although the supervisory union board would make final determinations regarding the curriculum, the board would be empowered to decide if the curriculum is developed at the supervisory union level or if the districts are largely responsible for its development.

* Supervisory unions currently may choose whether they will provide or coordinate certain services for member districts. In other instances, the supervisory unions may choose whether they or the districts will provide specific services. In both situations, the Committee recommends that the Legislature require supervisory unions to *provide* the services to the districts:

- * special education services
- * compensatory and remedial services (with flexibility to allow districts to provide services if it is less expensive or more efficient for them to do so)
- * centralized purchasing of goods and operational services
- * management of all construction projects
- * budgeting, accounting, and other financial management (the supervisory union would prepare budgets pursuant to a district's instructions, but it would NOT create the budget and district budgets would not be voted on at the SU level)
- * collective bargaining for teachers, administrators, and staff (with flexibility to allow for differences among districts)
- * transportation – provide or contract for provision (including transportation for special education and co-curricular purposes)
- * human resources management support (*e.g.*, recruitment for positions, supervision of licensing issues, administration of the hiring process, scheduling of evaluations, maintenance of personnel files, etc.)

¹ The Committee approved a motion to support changes to SU responsibilities and the collection of data with a goal of improving equity and efficiency, with Committee members Ancel, Bartlett, Donovan, Francis, Germain, Hartwell, Heath, Hube, Mathis, Rosenberg, Rusten, and Vilaseca voting in the affirmative and Committee member Schwalbe voting in the negative.

Duties of Superintendents

The Committee recommends that the Legislature authorize² superintendents to:

- * select and present the names of licensed educators and administrators for hiring at both the supervisory union and district levels; the board would vote to hire or refuse to hire the presented person; if the board refuses, then the superintendent would present another name
- * select all non-licensed personnel at both the supervisory union and district levels; a superintendent could, however, delegate aspects of the process to other people (*e.g.* principals) as long as the superintendent is responsible for the final decision
- * dismiss licensed and non-licensed personnel at both the SU and district levels, subject to contractual provisions and to federal and state laws and regulations
- * evaluate the work of principals

² The Committee approved a motion to support changes to superintendent responsibilities, with Committee members Ancel, Bartlett, Donovan, Francis, Germain, Hartwell, Heath, Hube, Mathis, Rusten, and Vilaseca voting in the affirmative. Committee members Rosenberg and Schwalbe object to vesting this level of hiring and dismissal power in superintendents because it dilutes the authority of the district boards. Dr. Rosenberg states: “The US constitutional system includes a concept known as separation of powers, or a process of checks and balances. Even at the level of public schools this concept can work. For instance, a community school board may hire a principal, even one other than the express recommendation of the superintendent of schools who may be new to the system, or leaving the system. Ideally, Board and Administration need to work together to make the right decision. A stable superintendency can do this; unfortunately we have much movement in administration in VT. Although both need to make the choice of a qualified individual, the local school board makes a decision from the perspective of the community; the administrator makes a recommendation from the perspective of the system. The school board, with shared power, may challenge the recommendation of the superintendent. The school board answers directly to the community (not as a business model would report to a proprietor or stockholders).”

Other

In addition, the Committee asks the Legislature to:

- * instruct the Department of Education to work with superintendents, district boards, and principals to develop methods to:
 - * collect data regarding the previous recommended changes to supervisory union and superintendent duties
 - * use the data to evaluate the effect the changes have, if any, on improving the efficiency and equity of Vermont's educational system
- * explore the possibility of requiring minimum credentials and mandatory training for all business managers
- * consider requiring that the annual meeting for supervisory unions be completed before Town Meeting Day elections, so that experienced (rather than newly elected and inexperienced) board members would approve the budget
- * authorize and encourage supervisory unions to adopt supervisory union-wide policies (regarding, *e.g.*, building use, transportation, etc.) that are flexible enough to allow for local differences

Supervisory Unions

Existing Law	Recommendations	16 V.S.A.
The Supervisory Union Board shall...		
set policy to coordinate curriculum plans among the schools in the SU	* Require the SU to make final determinations regarding an SU-wide curriculum; authorize the SU to decide if it will (A) develop the SU-wide curriculum or (B) assist the districts to develop SU-wide curriculum plans; curriculum would align with statewide standards; SU would ensure implementation	§ 261a(1)
assist each school to follow curriculum plans	(no change)	§ 261a(2)
if a student living in the SU is enrolled outside of the SU, review the other SU's curriculum plans for compatibility	(no change)	§ 261a(3)
establish a plan for receiving and disbursing state and federal money	Clarify that the SU will implement the plan as well (to ensure consistency)	§ 261a(4)
establish a policy on professional development for teachers in the SU	Require that the SU also plan and provide (or arrange for the provision of) professional development programs	§ 261a(5)
provide <u>or</u> coordinate: (A) special education (B) compensatory and remedial services	* Require the SU to <u>provide</u> : (A) special education (SU hires special education staff) (B) compensatory and remedial services (with flexibility for districts to provide them when it is less expensive and more efficient to do so)	§ 261a(6)

Existing Law	Recommendations	16 V.S.A.
The Supervisory Union Board shall...		
(C) other services as directed by the state and local boards	* Permit the SU to provide <u>or</u> coordinate: (C) other services as directed by the state and local boards	§ 261a(6) continued...
employ a person to manage the SU accounts	(no change - <u>but see</u> page 6)	§ 261a(7)
<p>at the SU's <u>option</u>, provide:</p> <p>(A) centralized purchasing</p> <p>(B) construction management</p> <p>(C) budgeting, accounting, and other financial management services</p> <p>(D) Teacher Negotiations (<u>Note</u>: recent amendments to collective bargaining statutes already require movement toward this model)</p> <p>(E) Transportation</p>	<p><u>Require</u> the SU to provide:</p> <p>(A) centralized purchasing of goods and operational services (<i>e.g.</i>, snowplowing, etc.)</p> <p>(B) management of all construction projects</p> <p>(C) budgeting, accounting, and other financial management services including bonding (<u>Note</u>: the SU would prepare the budget pursuant to each district's instructions; it would NOT create the budget, nor would the district budget be voted on at the SU level)</p> <p>(D) Teacher Negotiations - add / clarify that it includes administrators and support staff as well; contracts can still have differences – but negotiations, paperwork, etc. is SU-wide; remove all exemptions included in recent legislation</p> <p>(E) Transportation (<u>Note</u>: the SU would provide or arrange for provision to districts, including for extra-curricular & special education needs)</p>	§ 261a(8)

Existing Law	Recommendations	16 V.S.A.
The Supervisory Union Board shall...		
(F) Other	(F) (new) Human resources management support (<i>e.g.</i> , advertising, paperwork, contract management, etc.) (no change, but re-lettered)	§ 261a(8) continued...
require the superintendent to report SU financial transactions to the Commissioner / State Board	Move to 16 V.S.A. § 242 (duties of superintendent)	§ 261a(9)
submit financial information, including a preliminary budget for the ensuing year, to the auditors for each district	(no change)	§ 261a(10)
adopt an SU budget	(no change)	§ 261a(11)
adopt and SU-wide truancy policy consistent with Commissioner's model protocols	(no change)	§ 261a(12)

Superintendents

Existing Law	Recommendation	16 V.S.A.
The Superintendent shall...		
carry out policies adopted by the district school board(s)	Clarify that the superintendents may develop procedures to do so	§ 242(1)
identify educational goals and prepare plans for achieving them to be adopted by district school board(s)	Require superintendents to prepare plans for realizing those goals the district school boards have adopted	§ 242(2)
recommend that district school boards employ / dismiss “persons”	<p>Direct superintendents to³:</p> <p>* choose and present the name of a licensed educator / administrator to the SU / district board for employment; the board can vote yes or no; if the board votes no, then the superintendent presents a new name</p> <p>* select all non-licensed personnel to be hired at the SU / district levels; the superintendent may delegate the authority to, <i>e.g.</i>, a principal to interview potential employees, conduct background checks, etc. but the final decision remains with the superintendent</p>	§ 242(3)
	Authorize superintendents to dismiss SU / district employees subject to all protections provided them by employment contracts and federal and state laws and regulations	New § 242(4)

³ See footnote 2.

Existing Law	Recommendation	16 V.S.A.
(The Superintendent shall...)		
provide data and information requested by the Commissioner	<p><u>Move</u> 261a(9) here: report SU financial transactions to the Commissioner and State Board of Education</p> <p><u>AND</u></p> <p><u>Move</u> 16 V.S.A. § 563(13) here: provide financial accounting to the Commissioner on behalf of the district boards</p>	<p>Old § 242(4) renumbered as New § 242(5)</p>
provide general supervision of schools within the SU	(no change)	<p>Old § 242(5) renumbered as New § 242(6)</p>

II. Classroom Size and Student / Teacher Ratios

A. Overview

The State Board of Education has adopted rules known as the *School Quality Standards* “to ensure that all students in Vermont public schools are afforded educational opportunities that are substantially equal in quality and are designed to enable them to achieve or exceed the expectations set forth in *Vermont’s Framework of Standards and Learning Opportunities*.” State Board Rule 2110. The *Standards* address a wide array of topics, from student assessment to professional development to technical education. They require the following regarding classroom size:

At the elementary level, classes in grades K-3, when taken together, shall average fewer than 20 students per teacher. In grades 4-8, when taken together, classes shall average fewer than 25 students per teacher.

State Board Rule 2120.8.2 (b). Neither the Board nor the Legislature has mandated an average minimum number of students per classroom, nor have they identified an optimal classroom size.

While the full time equivalent (FTE) number of teachers has stayed roughly the same from fiscal year 2002 through fiscal year 2009, the FTE number of aides has grown by more than 10 percent, at least in part as a response to the increased demand for special education services. The Department of Education prepared the following for the Committee:

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Teachers	8,740.65	8,765.88	8,759.69	8,674.32	8,846.99	8,827.77	8,745.78	8,764.24
annual % change		0.29%	-0.07%	-0.97%	1.99%	-0.22%	-0.93%	0.21%
Aides	3,998.85	4,210.07	4,208.69	4,340.16	4,257.99	4,327.77	4,378.60	4,466.21
annual % change		5.28%	-0.03%	3.12%	-1.89%	1.64%	1.17%	2.00%

During this same general period, the number of enrolled students has steadily declined:

There [were] 92,572 students enrolled in FY09, a decrease of -1.64% from the 94,114 students enrolled in FY08. This [was] the thirteenth year of declining enrollment after a peak of 106,341 students in FY97. Since the FY97 peak, Vermont has experienced a 12.95% decrease in enrollment.

Elementary/Secondary Public School Enrollment - 2008-2009 School Year, Department of Education (March 2009). In fact, after reaching a peak in the

mid-1990s, the number of school-aged children is now roughly equal to the number who lived in the state in the 1830s. *The Governance of Education in Vermont – 1777 to 2006*, Richard H. Cate, former Commissioner of Education (May 12, 2006).

In fiscal year 2008, the average student / teacher ratio in Vermont was 11.12. Student / teacher ratios throughout the state ranged from 5.40 to 20.00 in that year. *Vermont Teacher/Staff Full-Time Equivalent (FTE) and Salary Report - 2007-2008 School Year*, Department of Education (October 2008).

B. Recommendation

The Committee recommends⁴ that the 2010 Legislature explore the advisability of requiring each supervisory union to work with its member school districts to develop and implement policies regarding minimum, maximum, and optimal class sizes. The Committee believes that the policies should apply on a supervisory union-wide basis, but that the participants should have the flexibility to create policies that are grade-specific and that reflect differences among school districts due to geography or other factors. A similar effort was undertaken by the Chittenden Central Supervisory Union.

⁴ The motion to include this recommendation was approved by a vote of 9 in favor and 5 opposed, with Committee members Ancel, Bartlett, Donovan, Francis, Germain, Hartwell, Heath, Schwalbe, and Vilaseca voting in the affirmative and Committee members Hube, MacDonald, Mathis, Rosenberg, and Rusten voting in the negative. Dr. Rosenberg states: "I voted against the recommendation of creating class size policies at the supervisory union level. Although I overwhelmingly support increasing class size where practical, recognizing the fiscal and administrative benefits, I acknowledge such policy formation to be a *local* school district matter, not a supervisory wide policy matter, due to the differences of each local district's enrollment, physical plant, and grades served."

Attachment A

Act No. 1 of the Acts of the 2009 Special Session

Sec. H.57. FINANCING AND EFFECTIVENESS OF THE VERMONT EDUCATION SYSTEM IN THE 21ST CENTURY; COMMITTEE

(a) Findings.

(1) The future of Vermont's economic and social well-being is dependent on a strong, efficient public education system.

(2) Pressures on Vermont's education funding system, the state's general fund, and the Vermont economy as a whole make it increasingly difficult to ensure that Vermonters will continue to have access to the high quality education they have come to expect.

(b) Committee created. There is created a committee to examine potential improvements to the structure and funding of the Vermont educational system in light of the state's limited financial resources. When performing the duties assigned to it, the committee shall consider the work of the committee convened by the governor, the speaker of the house, and the president pro tempore during the 2009 legislative session. Among other issues, the committee shall:

(1) Examine the role and the effectiveness of the policy-making, management, and administrative structure that creates and implements Vermont education policy, including consideration of the functions of the legislature, the governor, the state board of education, the department of education, supervisory unions, local school boards, parents, students, community members, and other entities and individuals.

(2) Consider the types of decisions the identified entities and individuals make and how these decisions influence decisions made by others, with a focus on how they shape educational outcomes and drive funding requirements.

(3) Identify and evaluate the long-range sustainability of current and potential funding sources and mechanisms.

(4) Determine whether and to what extent each identified funding source and mechanism advances the mission of Vermont's educational system, including whether it complies with *Brigham v. State*, 166 Vt. 246 (1997).

(c) Committee membership. The committee shall have 15 members who shall be:

(1) The chairs of the house committees on education, on appropriations, and on ways and means or their designees, plus one additional member of the house of representatives appointed by the speaker of the house.

(2) The chairs of the senate committees on education, on appropriations, and on finance or their designees, plus one additional member of the senate appointed by the committee on committees.

(3) The commissioner of education or the commissioner's designee.

(4) Six members from constituencies such as the business community, superintendents, school boards, teachers, parents, and community members to be selected by July 15, 2009 as follows: two by the speaker of the house, two by the committee on committees, and two by the governor.

(d) Committee's overall composition. Persons making appointments under subsection (c) of this section shall consider the overall composition of the committee and shall attempt to ensure both that committee members have a broad understanding of the current education funding system and that the committee includes both supporters and critics of the system.

(e) Initial meeting. The commissioner of education shall convene the first meeting of the committee on or before July 30, 2009. The committee shall select a chair from among its members at the first meeting.

(f) Committee staff. The department of education and the joint fiscal office shall provide administrative and fiscal services to the committee. The committee shall rely upon the legislative council to draft all proposed legislation.

(g) Compensation for legislators. For attendance at a meeting when the general assembly is not in session, legislative members of the committee shall be entitled to compensation for services and reimbursement of expenses as provided in 2 V.S.A. § 406(a).

(h) Compensation for private citizens. Committee members who are not full-time state employees shall be entitled to expenses as provided in 32 V.S.A. § 1010 from money appropriated for this purpose by the general assembly.

(i) Number of meetings authorized. The committee shall meet no more than six times unless specifically authorized by the speaker of the house and the president pro tempore of the senate.

(j) Report. On or before December 15, 2009, the committee shall present detailed written findings and recommendations to the members of the house and senate committees on education, the house committee on ways and means, the senate committee on finance, and the governor. It shall provide draft legislation designed to implement its recommendations to the same parties by January 15, 2010.

Attachment B**Committee on the Financing and Effectiveness of the
Vermont Education System in the 21st Century****Members**

Armando Vilaseca, Commissioner, Department of Education -- Committee Chair

Representative Janet Ancel, Vice Chair, House Committee on Ways and Means

Senator Susan Bartlett, Chair, Senate Committee on Appropriations

Representative Johannah Donovan, Chair, House Committee on Education

Jeff Francis, Speaker's appointed constituent

Moe Germain, Governor's appointed constituent

Senator Robert Hartwell, Member, Senate Committee on Finance

Representative Martha Heath, Chair, House Committee on Appropriations

Representative Rick Hube, Speaker's appointed legislative representative

Senator Mark MacDonald, Committee on Committees' appointed legislative representative

Bill Mathis, Committee on Committees' appointed constituent

June Rosenberg, EdD, Committee on Committees' appointed constituent

Bob Rusten, Speaker's appointed constituent

Carolyn Schwalbe, Governor's appointed constituent

Senator Robert Starr, Chair, Senate Committee on Education

Attachment C

Witnesses

The individuals who attended meetings, testified before the committee, 2009, or submitted written testimony, comments, or reports to the committee include:

- * Vaughn Altemus, Department of Education
- * Peter Amons, CFO, Rutland Public Schools
- * James and Margie Blansfield, Second Home Owners, Plymouth, Vermont
- * Tom deBalsi, Windsor Central Supervisory Union, the Vermont Council of Special Education Administrators
- * Dover Elementary School Board
- * Retta Dunlap, Vermont Education Watch
- * Herbert Durfee III, Board Chair, Grand Isle School District
- * Karin Edwards, Department of Education
- * John Everitt, Superintendent, South Burlington School District
- * John Fike, Board Member, Windsor Central Supervisory Union; Board Chair, Reading Elementary School; and Treasurer, Vermont School Boards Association
- * Pete Fisher
- * Daniel M. French, Superintendent, Bennington-Rutland Supervisory Union
- * Winton Goodrich, Associate Director, Vermont School Boards Association
- * Johanna Harpster, Superintendent, Windham Northeast Supervisory Union
- * Brad James, Department of Education
- * Brent Kay, Superintendent, Orange Southwest Supervisory Union
- * Bob Kern, Superintendent, North Country Supervisory Union
- * Erin Maguire, Chittenden Central Supervisory Union, the Vermont Council of Special Education Administrators
- * Susan Marks, Department of Education
- * Gene Miller, Board Member, Essex Union High School #46
- * Tom O'Brien, Superintendent, Addison Northwest Supervisory Union
- * Sean-Marie Oller, Board Chair, Mount Anthony Union High School District #14
- * Representative Peter Peltz, Woodbury
- * Mark Perrault, Joint Fiscal Office
- * Robert Pittala, Westford
- * Chris Robbins: *Better Value, Fewer Taxpayer Dollars*, a report from the Ethan Allen Institute
- * Donna Russo-Savage, Legislative Council
- * Frank Rucker, CFO, Windham Central Supervisory Union
- * Laura Sibilila, Board Member, Dover Elementary School
- * Dr. David Silvernail, University of Maine
- * Jeb Spaulding, Treasurer, State of Vermont
- * Marty Strange, Rural Schools and Community Trust
- * Bill Talbott, Department of Education
- * Thomas Vickery, Appraiser, Board of Listers, Duxbury, Stowe, and Waterbury
- * Wendy Wilton, Treasurer, City of Rutland
- * Frank Wingate, Reports from Hugh Kemper

Attachment D

Other Ideas (Discussed or Introduced)

Special Education – Provision of Services and Funding / Costs

- * Develop regional capacity to develop staff expertise for working with students with low incidence disabilities
- * Encourage best practices (incentives and disincentives)
- * Work towards a decreased reliance on para-educators
- * Expand beyond pilots: Special educators would co-teach with classroom teachers
- * Increase the threshold for 90% reimbursement of extraordinary special education services in 16 V.S.A. § 2962 and increase the threshold by some index each year
- * Create a statewide funding mechanism for special education so that these costs are shared by all towns across the state; institute a rigorous monitoring system to keep costs under control by evaluating the necessity of services
- * Inventory the FY10 costs (wages and benefits) and location of all special education-related resources and develop an organizational structure that optimizes the cost effective management and accountability of the resources

Expenses and Funding

- * Make no changes to education funding that increase reliance on property taxes
- * Make no changes to education funding that shift the burden from one group of citizens to another
- * Remove small school grants, except for geographically-necessary small schools, and use some of the money as an incentive for small schools to consolidate
- * Examine each of the following categories for efficiencies and legislate acceptable budget ratios for each; school districts that spend in excess of the ratios would work toward more efficiency; share best practices to achieve optimum efficiency:
 - * **Operations:** insurance, utilities, maintenance of buildings and grounds, school board expenses; administrative office costs
 - * **Transportation:** buses and busing alternatives
 - * **Staffing:** contract and non-contract salaries for teachers, administrator and general staffing (*e.g.*, nurses, library staff; food service employees); employee benefits
 - * **Instructional equipment:** text books; furniture; SMARTboards, computers; text books; library resources
 - * **Special Education** (both accelerated learners and those with learning disabilities)
 - * **Sports programs** (except physical education)
 - * **Debt**

- * If a school district budgets for amounts that exceed the established ratio, it would raise the money locally or share costs with other schools
- * Amend income sensitivity provisions so that income cannot be sheltered by individuals who are not the intended recipients of tax relief
- * Create a new funding mechanism that limits any statewide funding component and funds only items that are linked to direct instruction and based on *adequate minimum standards*. Any programs, or extras, above and beyond these minimum standards and outside the realm of direct instruction would be paid for by the local property tax or other source of revenue such as an endowment, fundraising, sponsorship or collaboration with area schools (resource sharing). To do this:
 - * Define “substantially equal educational opportunity”
 - * Determine what “basic education” is needed and how to provide it to each child
 - * Determine the reasonable cost to provide a “basic education”
 - * Determine acceptable expenditures per student
 - * Create a budgeting and funding system on these concepts
- * Identify what education should cost and then set budget and raise money
- * If the statewide funding mechanism is kept in place, use the statutory definition of basic education to identify which school services shall be paid for by the homestead and non-residential property tax; items outside the realm of the “course of study” required by the state would be paid for by money raised locally rather than through the statewide property tax
- * Create a new funding system based exclusively on property tax with an upper limit
- * Encourage schools districts to seek sponsorship or endowments from the private sector for academic enrichment programs or other locally desirable programs
- * Create incentives for businesses to come to Vermont by offering a lower tax rate for businesses the first five years of operation while the business becomes established; successful businesses would be rewarded with permanently lower non-residential rates or other monetary incentives
- * Develop a menu of consequences for undesirable spending decisions, including:
 - * If a district’s per pupil spending (PPS) exceeds 105% of its PPS in the prior year, then income sensitivity would not apply to residents of the district; funds for the additional spending would be raised by the district’s residential grand list
 - * If a district’s per pupil spending (PPS) exceeds 120% of the statewide average PPS in the prior year, then income sensitivity would not apply to residents of the district; funds for the additional spending would be raised by the district’s residential grand list
 - * If a district spent less than 100% of its PPS in the prior year, then 60% of the savings would be credited to the property owners on the district’s residential grand list, 20% would be retained by the education fund, and 20% would be deducted from the general fund transfer to the education fund

* If two or more districts can demonstrate that they have saved money as a result of consolidating, then 50% of the savings would be credited to the property owners on the districts' residential grand list, 25% would be retained by the education fund, and 25% would be deducted from the general fund transfer to the education fund

* If a supervisory union can demonstrate that it has saved money as a result of restructuring, then 50% of the savings would accrue to the member districts, 25% would be retained by the education fund, and 25% would be deducted from the general fund transfer to the education fund; in addition, the districts would be permitted to combine with other districts regardless of boundaries based on an affirmative vote of the residents of the districts

* Require that at the conclusion of a town-wide reappraisal, the statistical or full Common Level of Appraisal will not be less than 100%

Class Size -- Student / Teacher Ratios

* Establish a statewide student / faculty, student / staff and student / administrator ratio that must be maintained in keeping with declining student enrollment

* Implement a regional district system so there are more schools over which to spread that ratio in classrooms and more flexibility for teacher placement (relocation as needed within the district)

* Apply the money saved through increasing the student / teacher ratio to the teacher retirement fund

* Mandate that workforce reductions keep pace with declining student enrollment

Governance

* Reorganize education governance: reduce the number and reorder the function of supervisory unions along regional and geographically sensible lines, possibly designed around the existing technical center regions

* Research ways to create new school operating districts to manage resources and increase efficiency of operations and delivery of instruction

* Consolidate services on a regional or statewide basis

* Establish "instructional regions" within the supervisory unions that are modeled after current school districts but include more than one town and afford children the benefit of school choice within that instructional region or among several regions

* Allow district boards to remain in place, retaining their roles and continuing to represent the tax payers, build budgets, and develop and implement policies for the school districts

* Evaluate the financial, education, and operational impact of (1) reorganizing SUs into one state-wide system and (2) reorganizing SUs along county or technical center lines

School Boards

- * Require training for school board members to help them understand their legislatively defined roles and responsibilities
- * grant the boards of school districts (and supervisory unions) the option of referring quasi-judicial functions to hearing officers retained, assigned, and paid for by the Department of Education

Curriculum

- * Institute one standard curriculum for the state
- * Promote virtual classroom technology
- * Place increased emphasis on literacy in every school
- * Promote distance learning using computer technology to allow all schools access to the same learning opportunities

Teachers / Administrators / Other Staff

- * Require the State Board of Education / Commissioner of Education to negotiate contracts for teachers on a statewide level
- * Implement regional teacher contracts to save the cost of negotiating contracts locally
- * Enable or require all municipal, state, and education employees to have the same benefits and costs of health insurance

Resource Management

- * Implement a comprehensive energy management program and recycling program

School Choice

- * Expand opportunities for school choice within a geographic region and without charging additional tuition to the families of students who choose a school outside their town

Attachment E

16 V.S.A. § 261a (Supervisory Unions) and § 242 (Superintendents)

§ 261a. DUTIES OF SUPERVISORY UNION BOARD

The board of each supervisory union shall:

(1) set policy to coordinate curriculum plans among the sending and receiving schools in that supervisory union. The curriculum plans shall meet the requirements adopted by the state board under subdivision 165(a)(3)(B) of this title;

(2) take reasonable steps to assist each school in the supervisory union to follow its respective curriculum plan as adopted under the requirements of the state board pursuant to subdivision 165(a)(3)(B) of this title;

(3) if students residing in the supervisory union receive their education outside the supervisory union, periodically review the compatibility of the supervisory union's curriculum plans with those other schools;

(4) in accordance with criteria established by the state board, establish a plan for receiving and disbursing federal and state funds distributed by the department of education, including funds awarded under P.L. 89-10, the Elementary and Secondary Education Act of 1965 as amended;

(5) provide for the establishment of a written policy on professional development of teachers employed in the supervisory union and periodically review that policy. The policy may provide financial assistance outside the negotiated agreements for teachers' professional development activities and may require the superintendent periodically to develop and offer professional development activities within the supervisory union;

(6) provide or, if agreed upon by unanimous vote at a supervisory union meeting, coordinate provision of the following educational services on behalf of member districts:

(A) special education;

(B) except as provided in section 144b of this title, compensatory and remedial services; and

(C) other services as directed by the state board and local boards;

(7) employ a person or persons qualified to manage the supervisory union accounts;

(8) at the option of the supervisory union, provide the following services for the benefit of member districts according to joint agreements under section 267 of this title:

(A) centralized purchasing;

(B) construction management;

(C) budgeting, accounting and other financial management;

(D) teacher negotiations;

(E) transportation; and

(F) other appropriate services;

(9) require that the superintendent as executive officer of the supervisory union board be responsible to the commissioner and state board for reporting on all financial transactions within the supervisory union. On or before August 15 of each year, the superintendent, using a format approved by the commissioner, shall forward to the commissioner a report describing the financial operations of the supervisory union for the preceding school year. The state board may withhold any state funds from distribution to a supervisory union until such returns are made;

(10) submit to the town auditors of each member school district or to the person authorized to perform the duties of an auditor for the school district, on or before January 15 of each year, a summary report of financial operations of the supervisory union for the preceding school year, an estimate of its financial operations for the current school year, and a preliminary budget for the supervisory union for the ensuing school year. This requirement shall not apply to a supervisory district. For each school year, the report shall show the actual or estimated amount expended by the supervisory union for special education-related services, including:

(A) A breakdown of that figure showing the amount paid by each school district within the supervisory union;

(B) A summary of the services provided by the supervisory union's use of the expended funds;

- (11) on or before June 30 of each year, adopt a budget for the ensuing school year; and
- (12) adopt supervisory unionwide truancy policies consistent with the model protocols developed by the commissioner.

§ 242. DUTIES OF SUPERINTENDENTS

The superintendent shall be the chief executive officer for each school board in the supervisory district, and shall:

- (1) carry out the policies adopted by the school board relating to the educational or business affairs of the school district;
- (2) identify the educational goals and objectives of the school district and prepare plans to achieve those goals and objectives for adoption by the school board;
- (3) recommend that the school board employ or dismiss persons as necessary to carry out the work of the school district;
- (4) furnish the commissioner data and information required by the commissioner; and
- (5) provide for the general supervision of the public schools in the supervisory union or district.