

January 9, 2017

The attached is from Friday's work in Montpelier.

Brigid wanted to send this information along to the Board.



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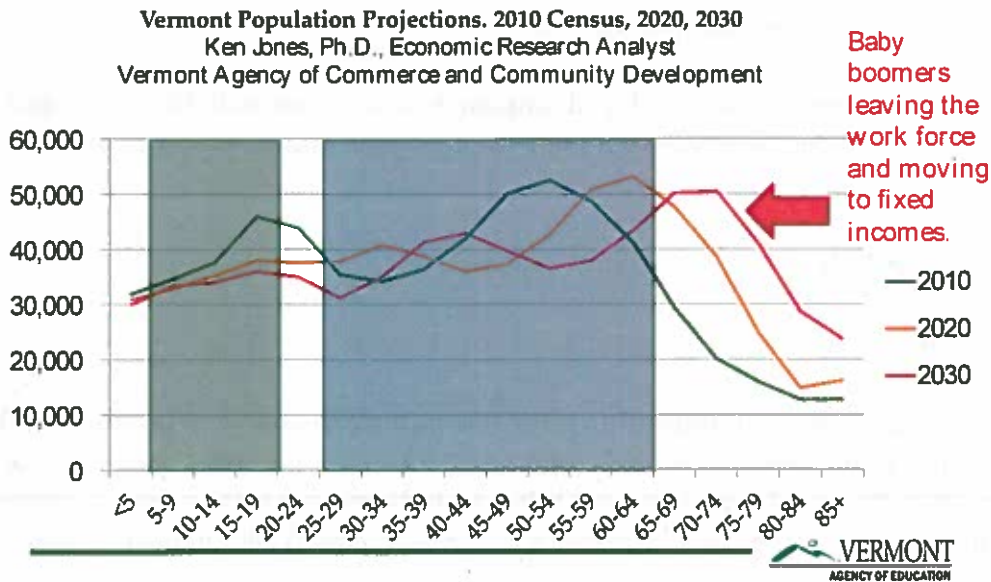
TESTIMONY PROVIDED TO: The House Education Committee

FROM: Rebecca Holcombe, Secretary of Education *RH*
SUBJECT: Introduction to the AOE Staff and Priorities
DATE: January 6, 2017

The Administration’s priorities are affordability, growing the economy, and protecting our vulnerable populations. These priorities have been at the heart of much of the AOE’s work with the legislature over the past three years, and we look forward to collaborating on these priorities in the coming session.

Affordability:

We have been working with data from the Department of Labor and the Department of Taxes to better understand changing demographics as they related to the Education sector. Already, business and industry and state government struggle to find skilled workers, and our population trends suggest that in order to sustain social initiatives, we need to shore up the income tax base. As the figure below illustrates, Vermont’s population is aging, baby boomers are moving into retirement, leaving behind a smaller population in peak earning years. At the same time, we know our school age population, particularly in more rural areas, is both smaller and characterized by a larger proportion of children living in adversity.



As a 2015 publication from the Department of Labor noted: “Between 2010 and 2013, the two age cohorts with the largest percent increase were people 65+ (+12.51%) and people 55 to 64 years of age (+5.87%). The aging of the state could present a challenge to Vermont’s workforce

and health care system.”¹ Of note, the cohorts with the greatest percent decreases in population were people 35 to 54 years of age, which are individuals in their peak earning years, and people ages 0 to 4 years, which represent the children most in need of child care. (See figure below, excerpted from the DOL’s Economic Demographic profile series, 2015).

Table 18 continued

Population Changes by Age Cohort - - 2010 - 2013

Age	Population			Change		Percent Change		Age Distribution	
	2010 2/	2012 1/	2013 1/	2010-12	2012-13	2010-12	2012-13	2010 2/	2013 1/
Vermont									
0-4 Years	31,952	30,521	30,478	-1,431	-43	-4.5%	-0.1%	5.1%	4.9%
5-14 Years	72,291	70,155	69,299	-2,136	-856	-3.0%	-1.2%	11.6%	11.1%
15-19 Years	46,012	45,281	44,573	-731	-708	-1.6%	-1.6%	7.4%	7.1%
20-34 Years	113,473	115,378	117,209	1,905	1,831	1.7%	1.6%	18.1%	18.7%
35-54 Years	180,962	171,865	167,341	-9,097	-4,524	-5.0%	-2.6%	28.9%	26.7%
55-64 Years	89,973	94,367	95,257	4,394	890	4.9%	0.9%	14.4%	15.2%
65+ Years	91,078	98,444	102,473	7,366	4,029	8.1%	4.1%	14.6%	16.4%
Total	625,741	626,011	626,630	270	619	0.0%	0.1%	100.0%	100.0%

Seen as a total picture, these demographic data (including excerpted table above) suggest:

1. the state is likely to have a more constrained ability to fund new initiatives for the foreseeable future, due to a reduced population in the peak earning ages;
2. the state is likely to face increased costs associated with an aging population; and
3. the reduced number of children of child care and school age suggest the state and our municipalities will need to seek creative ways to better use existing assets and public investments to get more value for children out of every public dollar.

The AOE stands strongly behind the Governor’s priorities:

1. affordability,
2. growing the economy and
3. support for our vulnerable populations.

AOE will view all proposals and develop all implementation plans with those priorities front and center. We know education is central to the success of all efforts related to these three priorities.

Performance Snapshots

Academic Achievement

Vermont ranks third in the nation after Massachusetts and New Jersey in Ed Week’s Quality Counts’ annual report card. This report card evaluates the states’ performance across a range of critical indicators. Vermont placed third over-all, and generally strongly across all indicators. Interestingly, on the equity measures, Vermont placed 48th in the national rankings.

¹ Economic Demographic Profile Series. 2015. Vermont Department of Labor, Economic and Labor Market Information Division. P. 2. www.vtلمي.info/profile2015.pdf

More here:

<http://www.edweek.org/ew/qc/2017/state-highlights/2017/01/04/vermont-state-highlights-report-page.html>

On the National Assessment of Education Progress (NAEP) and international comparison, Vermont is a strong performer (Top five at every grade level, in every subject), despite the comparatively low post-secondary attainment of our adult population.

More here:

<http://www.forbes.com/sites/jamesmarshallcrotty/2014/09/29/if-massachusetts-were-a-country-its-students-would-rank-9th-in-the-world/#555916f321b1>

<https://www.freeenterprise.com/10-best-and-10-worst-academic-performers-interactive-infographic/>

Some districts operate high schools and some pay tuition to independent and public high schools, and in particular, our historical academies, which have longed served as the education centers of some of our communities. On average the student demographics of our historical academies and the public high school population are equivalent. Similarly, student performance on the Smarter Balanced Assessment is, for all practical purposes, equivalent on average in public high schools statewide and in the historical academies. Within both these sectors, there is substantial variation in performance across schools. This suggests that on average, we can be confident that no matter how their districts choose to educate their children, many of our students are developing strong academic skills. However, all of us need to work with our schools to continuously support improved performance, and in both sectors, reduce variation in performance by “bringing up the floor” in lower performing schools and for lower performing students, so they too can pursue college and careers and contribute to strong communities and a strong economic future for our state. We are grateful for the dedication and efforts of our educators in all of these schools to better challenge and support our children, and in particular, our most vulnerable and challenging to educate children.

Education Spending

Vermont has been among the top ten spenders per pupil on education for at least the last 20 years. This speaks to a lot of factors, including the incredibly strong commitment of Vermonters to education. The Education Fund “funds to budgets.” That means that the state sets the tax rate necessary to fund the budgets already approved by local voters. The main drivers of cost in the Education Fund are demographic:

1. We have lost about 23% of our student population since our peak, and are continuing to shrink (declining enrollment).
 2. We are maintaining almost all the public and independent schools we had at our peak (overhead costs associated with buildings and administration have not changed).
 3. The number of teachers has decreased, but not consistently with the loss in number of students (student to teacher ratios are still declining).
 4. Thus, we have fewer students, the same number of schools and proportionally more overhead to support on a per pupil basis.
 5. We have proportionally more children living in adversity (poverty).
- (See Table 1)

Table 1: Poverty indicators for VT children in K-12 education, FY08 and FY15 (Data from AHS)

	2-yr Poverty average	Poverty ratio Statewide
FY08	10,810	12.53%
FY15	20,753	24.39%

6. In FY15, we had 58 students per board member, compared to 72 in FY08.

Data suggest the rate of increase in the Education Fund is tapering. Specifically, year-to-year increases in FY16 through FY18 have been below 3% (the rate of inflation) (See Table 2).

Table 2: Year Over Year Changes in Education Expenses

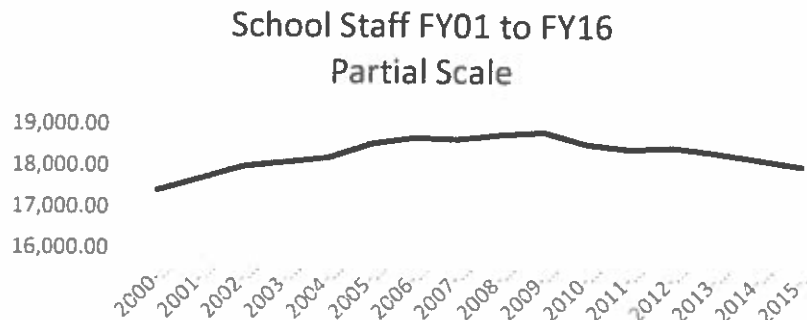
	FY15 (Final)	FY16 (Final)	FY17 (Preliminary)	FY18 (Projection)
Education Expenses (millions)	\$1,514	\$1,553	\$1,577	\$1,617
Year over Year Change	4.25%	2.56%	1.53%	2.54%

Source: Agency of Education, JFO

While total education spending has been increasing at about the rate of inflation over the past three years, it is important to remember that in this same period, school districts have been required to implement new, transformational legislation and policy that places new financial demands on school systems. In particular, Act 77 Flexible Pathways (2013), the Education Quality Standards (2014), and Universal PreK (2014), all create new costs for districts. The state now pays for early college, dual enrollment and Universal PreK out of the Education Fund. The increase in the number of PreK pupils funded by our public school system has grown by 2900 (4500 in FY14 to an expected 7400 in FY17). The added cost for this program alone makes up almost \$9 million of the annual spending growth in education spending. With the implementation of Act 46 (2015), we expect to see additional improvements in value per dollar and in some cases, substantial reductions in spending.

In addition, we see evidence that the number of school staff in the public sector is beginning to decline (see Table 3). These declines are not of the same magnitude as declines in Average Daily Membership (ADM), but do suggest that systems may be adjusting staffing levels to reflect lower ADM. (See Table 3)

Table 3: School Staff from FY01 to FY16



Moving forward: A Sampling of AOE Initiatives

Affordability and Sustainability

The Agency has been working hard to implement *Act 46: Governance Reform*, the intent of which was communities rethink governance to enhance quality and effectiveness, improve affordability and improve equity.

Act 46 did not create the current demographic and financial circumstances in which districts find themselves. It merely gave them tools to respond, if they chose to do so. Although Act 46 requires all school boards to self-evaluate and work towards achieving the stated goals, Act 46 also acknowledges that **the means to achieve the goals will vary depending on the specific circumstances of the school district or the region.**

Since July 1, 2015 under Act 46:

- Voters in 50 towns in 12 Supervisory Unions (SU): approved the merger of 57 school
- Voters in 3 additional SUs did not approve proposals to merge a total of 20 school districts
- Voters have cast 43,307 ballots on merger votes since the enactment of Act 46. Statewide, 68% of votes cast have been cast in favor of merging.
- Due to progress to date, about 51% of students in grades PreK-12 now live in merged systems.

The AOE would be happy to testify on fiscal and educational benefits described to date. One learning we have had is how important it is to go slow with governance transformation, in order to go fast. In order to build strong collaborative governance, merging communities need to take the time to build trust, new habits for working together and a shared and coherent vision. In communities that have taken the time to build trust and common cause, the subsequent work of collaborating to reduce cost and improve quality comes easier. **The AOE encourages the Committee to seek testimony from some of the recently merged systems to learn more about what practices and approaches contribute to educational and fiscal benefits.**

Growing the Economy

Career and Technical Education

We have a solid vision for (1) expanding career pathways in critical Vermont economic growth sectors, (2) integrating more robust academic learning into applied work in these sectors, and (3) expanding access to post-secondary opportunities in our Career Technical Education Centers.

AOE has been working with the support of a small grant to develop partnerships with business and industry, to conduct a thorough statewide needs assessment, and to find private funding to support efforts to the development of robust career pathways that lead interested young Vermonters through a menu of career exploration, work-based learning, CTE experiences, dual-enrollment, and post-secondary education and/or industry recognized credentials. Our first three pathways to develop are focused on priority Vermont growth sectors: a) Health and Medical careers, b) Advanced Manufacturing and c) Green Building/Construction Sciences. We feel this work is essential to efforts to engage a broader

spectrum of learners and provide them with higher levels of career-relevant skills, and this work has the potential to expand and/or stabilize critical economic sectors within the state. This work is exemplary of our interagency and cross-sector focus; we partner with DOL, AHS, the SWDB, Vermont Business Roundtable, VSC and VSAC in our career pathways efforts. We are moving ahead in partnership with the VT Business Roundtable and ACCD on our Talent Pipeline Management project, and indebted to the VBR for its leadership and strong commitment to this effort.

We will be working with the new administration over the next months to develop and refine an agenda to take this work to the next level.

Taking Care of our Most Vulnerable Students

State and Federal Accountability: Helping Communities Improve Opportunities for their Children

The Agency used the reauthorization of the federal *Every Student Succeeds Act* (ESSA) to reboot and reorganize technical support with a focused approach to evaluating school quality, holding ourselves accountable for improvement, and investing in the professional capital necessary at the local level to transform systems. This law is a civil rights bill, in that it specifically focuses on 1) identifying vulnerable populations and schools that need extra support or resources, and 2) providing them with the means to help our most vulnerable students perform on par with their peers and develop the capacity to become contributing members of our communities and economy. Federal funds represent about 11% of total expenditures in our highest need communities.

Our federal work has been carefully designed to support, to the extent possible, state goals and policies. See link for an overview of our Education Quality Reviews and Integrated Field Reviews, which are at the heart of the plan:

<http://education.vermont.gov/vermont-schools/education-quality/education-quality-reviews>

<http://education.vermont.gov/sites/aoe/files/documents/edu-state-board-agenda-item-051716-h.pdf>

See link for an overview of our ESSA work, including opportunities for public input in the development of the state plan: <http://education.vermont.gov/vermont-schools/education-laws/essa>

See video overviews of Education Quality Review work, with comments from some of the 2000 stakeholders who participated in the process:

History and Purpose <https://www.youtube.com/watch?v=odjwLg45TSE>

The EQR Process https://www.youtube.com/watch?v=OyD_quFvrU

The Voice from the Field <https://www.youtube.com/watch?v=Fjq4BA1MsPY>

Students and Community <https://www.youtube.com/watch?v=2jsTrbxZiGs>

The Committee will be receiving testimony on Wednesday next week related to this work.