Better Value, Fewer Taxpayer Dollars

The report of the Commission on Rebalancing Education Cost and Value

December 2009

An Ethan Allen Institute Report
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*Foreword from the Chairman*

For many years, legislative committees, commissions, task forces and other bodies have undertaken studies of the future of education in Vermont, and how Vermont governments will raise the money to pay for it.

Currently under way is a study by a legislatively mandated committee on financing and effectiveness of the Vermont education system in the 21st century. The committee’s mandate is to examine potential improvements to the structure and funding of the Vermont educational system in light of the state’s limited financial resources.\(^1\)

Eight of the committee’s members are legislators chosen with the approval of the leadership of the political party heavily supported by the teachers union. Four of the remaining six are chosen by legislators, and two by the governor. The Commissioner of Education is ex officio.

I would anticipate the committee’s recommendations to focus on expanding the state’s control over communities, educators, parents, and children, protecting the present system, and offloading current educational expenditures (notably health insurance) onto other government accounts. The committee may also recommend consolidating school districts and supervisory unions.

Beginning in 2008 the State Board of Education initiated a process aiming at “The Transformation of Education in Vermont”. It is directed by a 16-member policy commission, eight of whom come from the public education system. The other members are from higher education, business, school boards, and parents, plus one high school student.

The legislative committee is charged with addressing the eternally vexing question of financing public education. The Board of Education’s policy commission was specifically asked not to consider cost, but the commission did agree among themselves to keep costs roughly the same. The goal of the commission is to “recommend a policy framework for advancing education transformation to the State Board of Education” that

- Reflects analysis of the broad spectrum of policy issues impacting education practices and education quality and is based on research

- Emphasizes high leverage policy areas that could stimulate the greatest advances for systemic change with the fewest mandates

- Balances support and pressure for school action toward transformation

- Includes specific language for legislation and/or administrative rules.

The reports of these two groups are expected to be published in time for the beginning of the legislative session in January 2010.

Common to nearly all similar education reform projects over the past forty years, have been the central assumptions that

- There is, and ought to be, a public education “system”.

\(^1\)
This “system” is based on local public school districts governed by elected school boards. Those boards and districts organize education for all their children (except those whose parents opt to pay their own way at independent schools, or homeschool).

The quality and quantity of education received is directly related to the amount of money spent within the system.

The state (since 1997) has legal and financial responsibility for assuring quality education.

The State Board of Education and the Department of Education (since 1997), through their strategic plan and regulatory powers, shall supervise and control local school districts, including defining curriculum, promulgating standards, selecting assessment tools, licensing teachers and principals, enforcing state mandates, and ultimately placing non-performing districts into receivership.

Where this “system” is found to be ineffective or inefficient, past study groups concluded that additional centralized control would produce better outcomes; but in no case can the publicly financed education of Vermont’s children be entrusted to choices of the parents and children themselves.

The fundamental premise of this report is that a policy of creating an ever-enlarging “system”, populated with thousands of teachers, administrators, and bureaucrats, controlling the annual expenditure of $1.450 million taxpayer dollars, jealously protective of the benefits enjoyed by the people employed in the “system”, and dismissive of the abilities and preferences of parents and children, is a policy headed off in a totally wrong direction.

Such a policy will, ultimately, and despite the best intentions of many persons within that system, shortchange our students, defeat the preferences of many parents, and spend ever escalating amounts of taxpayer dollars for little or no added educational benefit.

Instead of enlarging and fortifying the “system”, this report recommends deconstructing the idea of the current “system” and rebuilding it based upon the needs and desires of parents and students.

It is based on the idea that the great majority of parents and children have the capacity to identify the kind of education most suitable to their children’s needs and preferences, and that public financial support for education should flow not through overgrown and nonproductive bureaucracies, but directly through the consumers to a wide array of educational providers, some public, some private, that attract revenues by offering a product that their customers want.

Such a policy will face steep challenges. There could be a constitutional question of “compelled support” for faith-based schooling. There is the question of compliance with the federal IDEA mandate (special education). There is the question of how much regulation the state should continue to exercise over civil rights, financial integrity and transparency, accountability for educational results, consumer protection, and repayment of existing bonded debt.

But these challenges are not insuperable. What is insuperable – or rather insupportable – is the continuing and ever growing extraction of well over a billion tax dollars each year, to buy overpriced and undistinguished educational outcomes for Vermont children who, as Education Commissioner Vilaseca recognizes, need ever-better outcomes to live and compete in the 21st century.
This report begins with an analysis of Vermont’s education spending trends and educational achievement, prepared by education economist Dr. Art Woolf of UVM. It then sets forth eight principles for a replacement for today’s “system”, techniques to implement the principles, the future of public schools in this new environment, managing special education, standards and assessments, governance, and financing.

The members of the Commission on Rebalancing Education Value and Cost are listed below. All are generally in agreement with the thrust of this report, but are not necessarily supportive of every statement and detail.

CHRIS ROBBINS, Chairman

Chris Robbins is the retired CEO of EHV-Weidmann Industries in St. Johnsbury. He has served as chair of the Danville School Board, President of the Vermont School Boards Association, and from 2003 to 2009 as a member of the Vermont State Board of Education. He is Chairman of the Vermont Student Assistance Corporation and a director of the Ethan Allen Institute.

Members of the Commission on Rebalancing Education Value and Cost

David A. Bisson, Barre Town, retired superintendent of public and parochial school districts and former chair, Vermont Catholic School Board

Bruce E. Buxton, Rochester, headmaster emeritus, Falmouth (MA) Academy

William J. Cruess, Danville, retired assistant headmaster and business manager, St. Johnsbury Academy

Sr. Shirley Davis, Rutland, former principal, Mt. St. Joseph Academy and assistant superintendent, Vermont Catholic Schools

Hon. Walt Freed, Dorset, former Speaker of the Vermont House

Apple Gifford, Newfane, curriculum director, Oak Meadow School

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William R. Sayre, Bristol, economist and former chair, Associated Industries of Vermont

Dr. Bruce Shields, Eden, agribusiness and forest products leader

Wendy Wilton, Rutland, former member of the Vermont Senate Education Committee

Dr. Arthur Woolf, associate professor of economics, University of Vermont and former state economist
I. Introduction: Numerous studies have been done to find ways of financing Vermont education, without addressing the question of educational value obtained for ever-increasing taxpayer expenditure. This report aims to propose sweeping recommendations for expanding and improving educational opportunities for all of Vermont’s children, at a cost no greater than taxpayers are now paying.

This proposal shifts the focus of education policy from “schools” to “schoolchildren”. Because of the accumulating fiscal and educational difficulties arising since enactment of Act 60, the time is ripe for Vermonters to seize the opportunity to build upon Vermont’s 140-year old parental choice system, to create a wide variety of cost-effective educational opportunities that will benefit children and taxpayers alike.

II. The State of Vermont Public Education

In June 1997, in response to the Vermont Supreme Court’s Brigham decision requiring each school district to have “a substantially equal opportunity to have access to similar educational revenues”, the Vermont legislature passed a bill that became known as Act 60. The bill was subsequently signed into law by Governor Howard Dean.

Act 60 dramatically changed school finance in Vermont. Before Act 60, most public school revenues were locally collected property taxes. The state supplemented those revenues from general fund sources and distributed them based on the “Foundation Plan” formula that took into account local property wealth.

Act 60 essentially transformed the property tax into a state tax with three taxes: a uniform state tax rate for all nonresidential property, a uniform (and different) state tax rate for all residential property, and a locally-determined supplemental tax rate that varied directly with per pupil spending. On top of that, residents with an income of up to $90,000 were allowed to pay their property tax bill by converting it into an income tax (“income sensitivity”). Depending on the year, eligible taxpayers could choose to pay from 1.8 to 2.0 percent of their household incomes in lieu of the assessed residential property tax.

Most residential homeowners elected to do this because it offered a significant savings on their tax bills. It also minimized the link between school budget voting decisions and the taxes that communities needed to levy to pay for those budgets.

The law had only a small impact on school finance in school year 1997-98 since most school budgets had already been passed by the time the law took effect. The full impact of the law took effect in the 1999-2000 school year. Act 68 of 2003 superseded Act 60, but the new act did not make significant changes to the basic system of educational finance put in place under Act 60.

Education Spending

Figure 1 shows that total expenditures on education in Vermont have increased from $775 million in school year 1995-96 to $1.46 billion in school year 2007-08, an increase of 87 percent. After adjusting for inflation, real spending on education rose by 37 percent over the same time period. School funding, adjusted for inflation, was flat in the middle and late 1990s but beginning at the start of this decade, spending rose dramatically.

Nearly all of the funding for education in Vermont (and all other states) comes from state and local taxes. Over the
period shown in the graph, between five and seven percent of education funds came from the federal government. Before Act 60, 25 to 30 percent of the funds to pay for education came from broad-based state revenue sources (income and sales taxes, corporate income taxes, and others) and between 65 and 70 percent came from local property taxes. Act 60 essentially converted the local property tax into a statewide tax. Currently, only 6 percent of education funding comes directly from local property taxes and 87 percent comes from state sources (including statewide property taxes).

**Enrollment Trends**

In 1997, the year that Act 60 was enacted, the number of students enrolled in Vermont schools peaked. Since then, student enrollment has fallen by 11,000, or one percent per year. The U.S. Department of Education projects that enrollment in Vermont's schools will continue to decline, in 2017 enrollment will be down to 85,000. Only one state will have a decline larger than Vermont’s 11.7 percent decrease in enrollment between 2005 and 2017. Nationally, enrollments will rise by 10 percent over that period.

**Per Pupil Spending**

On a per pupil basis, only six states spend more than Vermont to educate our students. Vermont’s per pupil spending is 28 percent above the national average. For the past decade, Vermont has spent more than the national average, but the gap between Vermont and the national average has been growing each year, as figure 3 shows. Relative to the state’s income, Vermont spends more on K-12 education than any state except high-priced Alaska. Vermont’s education spending totals 6.1 percent of personal income, while the national average is 4.9 percent. The difference between 6.1 percent of Vermont’s personal income and 4.9 percent is about $250 million in additional spending.

**Staffing Levels**

One of the main reasons that total spending and per pupil spending have been increasing so rapidly is that despite Vermont’s declining enrollment, the number of teachers and non-teaching staff in Vermont schools has been increasing over the past decade. Between 1997 and 2008, the number of teachers rose by 13 percent, aides by 41 percent, and other employees by 30 percent. Total staffing levels in Vermont schools rose by 21 percent, while the number of students fell by 12 percent over the same period.

**Performance Measures**

Vermont’s education spending and staffing levels are well above the national average. There is no indication that these measures of educational inputs lead to any measurable higher levels of educational performance than other
The best nationally recognized measure of performance is the U.S. Department of Education’s National Assessment of Educational Performance (NAEP) tests, given in math, reading, science and writing to a sample of students at different grade levels. Table 1 shows the scale scores for the NAEP test. Vermont students’ test scores are always above the U.S. average. However, Vermont’s racial make-up is very different from the U.S. Nationally, 38 percent of students enrolled in public schools are minorities – mostly African-American and Latino. In Vermont those minorities represent only 2.6 percent of the state’s student population.

### 2007 NAEP Test Results

A better comparison group for Vermont students, therefore, is the scores that white U.S. students achieve on those tests. As the table shows, Vermont’s scores are very close to the national white average. We can conclude that despite spending much more to educate each student in Vermont, there is no indication that our students do better than their peers nationally.

### The Future

Over the next decade, the U.S. Department of Education projects Vermont’s enrollment will continue to fall by about one percent per year. If per pupil spending keeps rising at the same rate it has over the past decade, in 2019 the cost of educating each student in Vermont will be $23,200 (in 2008 prices).

With 85,000 students in Vermont’s schools, the total cost of education will rise from the current level of $1.46 billion to $1.98 billion. That is, not counting any increase for inflation, the cost of education, and the taxes needed to finance it, will have to increase by $50 million per year for the next decade. If inflation over the next decade is the same as it has been over the past decade, then the actual cost of education, including the effect of inflation will be $2.6 billion in 2019, which means the cost of education will rise by $100 million per year.

**Conclusion:** It is clear that Vermonters – taxpayers and parents – are not getting their money’s worth from our very high per pupil education spending. It is also clear that this spending trend is unsustainable.

_Vermonters need to find a way to achieve comparable or better education for our children while flattening out the spending curve. That will certainly involve sweeping changes in the present “system” of publicly financed education._

### III. Principles: The basic principles underlying those changes are:

1. **Public Responsibility for Education:** Since 1864 all Vermont children have been entitled to a publicly-financed education – but not necessarily an education limited to attending government-operated schools.

2. **Consumer Choice:** It is the primary responsibility of parents, not the government, to choose the form of education that they believe to be in the best interests of their children.
### Consumer Empowerment

The consumer – the parents – must have adequate financial means to make their educational choices effective. Government should collect taxes and fund consumers to purchase the education they want for their children. Every child deserves this opportunity.

### Provider Competition

There are many ways to help children learn. Competition among various types of educational providers (not all of them traditional “schools”) will give empowered parents the opportunity to buy the educational product they find most suitable to meet the particular needs of their children.

### Public Oversight

It is the proper business of government to regulate the health and safety conditions of schools and to assure honest and transparent financial management. It ought not be the business of state government to micromanage public or private schools with intrusive regulation.

### Increased Reliance on Innovative Educational Technology

The proposals build upon a rising wave of innovation in cost-effective and educationally productive technology: cyber schools, on line learning, state virtual schools, and many other variations.

### Primary State Responsibility for Special Education

Congressional enactment of the Individuals with Disabilities Education Act (1975) established every child’s right to a free and appropriate public education. To level the playing field in an educational system characterized by many competing providers, the state Department of Education should accept primary responsibility for compliance with state law and the federal special education mandate.

### Substantial Equity in Educational Opportunity

The proposals are consistent with the Vermont Supreme Court’s mandate in the 1996 Brigham decision: that every pupil must have substantially equal access to educational opportunity, defined as resources available to support education spending.

### Summary

This report proposes that the quality of education will be judged not by government overseers, but by a school’s customers. Customers dissatisfied with their choice of a school will have the means and the opportunity to switch their child to another educational program more suitable to their child’s needs. The great merit of provider competition is that it offers a diversity of products to appeal to a diversity of customer preferences.

If Vermonters want relief from the doleful prospect of ever-increasing public education costs, and the concomitant burden of ever-increasing property taxes, the only effective remedy is to scrap the present regime of government monopoly schools in favor of an efficient parent- and child-centered, results-oriented, technologically creative educational marketplace.

Any proposal for “educational reform” or “cost control” that rejects this proposition in favor of continuing the present government monopoly educational system can not and will not either improve educational outcomes or restrain taxpayer costs.
Vermont’s Opinion on K-12 Education and School Choice

In October 2008 the Friedman Foundation for Educational Choice surveyed 1,200 Vermont respondents on their views on education and particularly parental choice in education. This sample size is almost three times the sample size of a usual political poll (+/– 3 points at the 95 percent confidence level.). The callers screened respondents to identify “likely voters” – those who had voted in the 2006 election and were planning to vote in 2008. Only “likely voters” were asked to complete the interview. Here are some key findings:

9. “Biggest challenge confronting Vermont’s public school system?”
   - Accountability ......................... 47 percent
   - Poor student discipline and self-control . . . 19 percent
   - Poor School Safety ....................... 12 percent
   - Lack of funding ......................... 11 percent

10. “If it were your decision and you could select any type of school, what type of school would you select?”
   - Private school ......................... 44 percent
   - Charter school ........................... 26 percent
   - Homeschooling ........................... 17 percent
   - Regular public school ................... 11 percent
   - Virtual school ............................ 2 percent

(These percentages are almost exactly the same for the parents of children in K-12 schools, and there is almost zero difference among Democrats, Republicans, and Independents responding.)

17. “Charter schools are public schools that have more control over their own budgets, staff, and curriculum, and are free from many existing public school regulations. In general, do you favor or oppose this idea?”
   - Favor: 61 percent (23 percent strongly, 38 percent somewhat).
   - Oppose: 32 percent (13 percent strongly, 19 percent somewhat).

19. “Virtual schools can be public or private schools that allow elementary, middle and high school students to work with their curriculum and teachers over the Internet, rather than a traditional classroom. In general, do you favor or propose this kind of idea?”
   - Favor: 52 percent (19 percent strongly, 33 percent somewhat).
   - Oppose: 46 percent (27 percent strongly, 19 percent somewhat).

21. “Some people believe that tax credit scholarships should be available to all families, regardless of income and special needs. Do you agree or disagree with that statement?”
   - Agree: 58 percent (22 percent strongly, 36 percent somewhat).
   - Disagree: 40 percent (15 percent strongly, 25 percent somewhat).

“89 percent [of Vermonters polled] prefer choosing a school for their child among options that include private schools, charter schools, virtual schools, and homeschooling.”

“59 percent of Vermont’s likely voters support school vouchers.”

IV. Policy Techniques to Implement these Principles:

1. **Tuition Certificates:** The state will continue to levy taxes on its citizens to pay for K-12 education, but instead of sending the proceeds to public or independent schools, the state will distribute the proceeds to consumers (parents) in the form of tuition certificates. Public schools will be required to accept certificates as full payment for tuition.

   The amount of the certificates will necessarily vary depending on an objective educational cost index taking into account disparities in incomes and property values among the regions of the state.\(^{12}\)

   The amount of the certificates will also vary depending on the cost of non-traditional forms of education (not involving bricks and mortar institutions). For example, virtual schools based on internet learning will receive only a fraction of the face value of tuition certificates.

   According to the Vermont Supreme Court’s interpretation of the “compelled support” clause of the state Constitution, a public school district may not make tuition payments to a sectarian school.\(^{13}\)

   Whether publicly-funded tuition certificates distributed to all parents and presented by some of them to sectarian schools also violate the “compelled support” clause has never been addressed. Until such time as such a program is legislated, it will be assumed that the practice is not inconsistent with the Constitutional provision.

2. **Charter Schools:** To expand the variety of providers, Vermont should join forty other states in enacting a charter school law. Such a law will allow teachers, parents, and entrepreneurs to create schools responsive to the interests of their children, and receive an operating charter from the state board of education, an independent state board created for that purpose, a college or university, or other responsible party. The chartering body is charged with supervision of the charter school, and is ultimately responsible for their successes or failures.

   Charter schools are nonsectarian public schools, and are at least theoretically free from the most burdensome regulatory requirements of state education departments. Most – but not all – teachers in charter schools have not been organized by teachers unions. Unlike public schools, charter schools that perform poorly can and are disciplined by the chartering authority – sometimes through revocation of charter.

Charter schools are popular with parents, as exemplified by waiting lists and consumer surveys. This is especially true where traditional public schools are viewed as inadequate and unsafe. According to Dr. Herbert Walberg of the Vanderbilt University Center of School Choice, Competition and Achievement,

“The majority of rigorous studies show that charter students, on average, achieve at higher academic levels, and, more important, they learn at faster rates than traditional school students. The positive effect that charter schools have on nearby public schools is to be expected, because competition tends to bring out the best in enterprises across entire economies. The presence of charter schools compels underachieving public schools to do a better job or risk losing students and funding to new entrants.”\(^{15}\)

As of 2009, 4,578 charter schools were operating in 40 charter school states plus the District of Columbia. An estimated 1.4 million students choose to attend charter schools. Vermont is one of only 10 states that do not have a charter school law.\(^{14}\)

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It should be noted that charter schools in many states have proliferated while enduring desperate political and legal attacks from public school districts and especially the teacher unions. They have often also been capital-poor, making do without the amenities of most modern public schools. Despite these disadvantages, the promise of responsiveness to student learning needs and high educational value have stimulated demand, to the point where most charter schools have waiting lists.

3. Virtual Schooling: In this rapidly moving technological age, pupils in 30 states are now receiving instruction via printed materials, CDs, and web-based programs of public virtual schools. The leading example is the public Florida Virtual School (1997), which now enrolls 100,000. In 25 states pupils are educated through virtual charter schools, and there are a growing number of independent school programs offered on line.\textsuperscript{16}

An extraordinary example is the PA Cyber School based in Midland, Pennsylvania. Created in 2000 by imaginative educators in a rapidly declining steel town, PA Cyber now develops and markets its own user-friendly 250-course online curriculum to nearly eight thousand K-12 students across the state (three-fourths of them in grades 9-12). Its 230 full- and part-time teachers give PA Cyber a pupil teacher ratio of 30:1. In 2006-07 the school met all 21 of the NCLB Annual Yearly Progress targets, while barely half of traditional public high schools qualified for AYP.

The independent, non-sectarian Oak Meadow School, based in Brattleboro, is another outstanding example. Oak Meadow, founded in 1975, now enrolls approximately 1,000 students throughout the United States and in several foreign countries, providing a diverse global perspective for both staff and students.

Oak Meadow’s students are about evenly divided between K-8 and high school, with graduates from high school being invited to a formal graduation ceremony held in Vermont each June.

Oak Meadow is accredited through Middle States Association of Colleges and Schools and also the Commission on International and Trans-regional Accreditation, which insures that the work of Oak Meadow students throughout the world will be recognized by other schools, colleges, and universities. It is an approved Vermont independent school, although the only one specifically prohibited from accepting tuition pupils from Vermont tuition towns.

The Oak Meadow curriculum is the result of over 30 years of experience with distance-learning students, research into proven educational principles, and the creative efforts of numerous teachers and talented curriculum developers. Its educational philosophy is based upon four principles of learning:

- Maintain rigorous academic standards
- Involve the whole child
- Cooperate with students’ natural developmental stages
- Adapt to each student’s unique learning style

With this educational philosophy as a guide, Oak Meadow is committed to regular curriculum revisions and improvements built on rigorous academic standards. Teachers take an active role in curriculum revisions, based upon their experiences with students.

\textbf{The Power of Technology in Education}

“The power of technology today simply cannot be overstated. It is being developed in every corner of the world, by firms that have minimal costs, huge markets, and little resistance to their work. But the drivers behind technology are becoming even more powerful than these. Much of what technology brings to the education table has no coast at all. Students, parents and educators interacting online create new knowledge every day. Teachers participate in online professional learning communities that may help them become more successful – in interacting with colleagues in real time – than traditional workshops or college courses. … Among technology developers, and some developers of education content online, the vision of the future is all free. At least when it comes to the direct cost of usage, technology platforms and educational material will often be free.” (Moe & Chubb at 71.)
The curriculum includes 36 weekly lesson plans in each subject area, including a variety of assignments, activities, and readings. This weekly format provides a supportive structure for student learning while still allowing flexibility for individual preferences.

In Oak Meadow, assessments are provided based upon the quality of a student’s work throughout the year, rather than on a final examination. In grades K-4, Oak Meadow teachers work directly with the parent or local teacher by phone or e-mail to assist with supporting the student’s intellectual growth, as well as addressing social and emotional needs. Teachers review each student’s work monthly to assess the student’s academic progress.

In grades 5-8, the teacher begins to work directly with the student, and the parent or local teacher provides more of a support function for the student to develop good study and organizational habits. In high school, the students and the teachers work directly together, with students being fully responsible for the organization and timeliness of their work.

Many Oak Meadow graduates have remarked that this emphasis upon self-reliance and personal responsibility in their high school work have made a significant difference in their ability to adapt to college life and has resulted in a much easier transition to college and higher grades.

Oak Meadow graduates successfully follow diverse paths, not all of which include college. Some students have started their own businesses, while others have entered directly into various fields as apprentices. About 80 percent of graduates, however, choose to go on to college.

Oak Meadow guidance staff assists all juniors and seniors in the college application process, including SAT/ACT registration, transcript requests, and letters of recommendation. Graduation from Oak Meadow entails completing a wide variety of required and elective courses, insuring that students receive a well-rounded education. For advanced high school students, over 25 Advanced Placement and computer technology courses provide a depth of study and additional college preparation.

Oak Meadow highly values relationship in its approach to learning, and its approach to technology is infused with this principle. Oak Meadow students have consistently expressed surprise that they are able to forge strong relationships and receive more personal attention with their teachers in Oak Meadow than they were able to in traditional classroom environments.

Although this close student-teacher relationship is largely due to Oak Meadow’s emphasis upon the value of relationship in the educational process, this is also facilitated by the asynchronous nature of distance learning, which enables teachers to provide more focused attention on each student than is possible in a classroom environment. In addition, many students have remarked that the lack of face-to-face contact, instead of inhibiting communication, actually tends to facilitate the expression of personal feelings and the development of each student’s unique strengths more fully.

Oak Meadow believes that this combination of increased opportunity for individual expression, close support from teachers, and access to a quality education wherever one may live is the expression of the true promise of distance learning.

Oak Meadow offers its programs at prices drastically lower than traditional brick and mortar schools. Full year tuition for grades K-4 is $1500; for grades 5-8, $1860.

Virtual School Student-Teacher Interactions

“At Oak Meadow] many students claim that they feel much closer to their teachers and classmates in a virtual learning relationship. This may be because young people today are already using these methods (emailing, texting, instant messaging, etc.) to communicate with each other and they are comfortable expressing themselves this way. This type of communication with a teacher allows for one-on-one attention that is rare in the classroom. Virtual learning students are experiencing a truly individualized learning experience, with the additional benefits of group learning.” – Apple Gifford, curriculum director, Oak Meadow School (September 2009).
For a full five-course high school curriculum, the price is $4400. There is a 5 percent discount for additional students in a family. To this the family will ordinarily (but not necessarily) add the cost of a computer system and broadband access. For high-schoolers, the Oak Meadow package comes in at roughly $8000 below the price of a conventional public high school.

4. Tax Credits for Contributions to Student Tuition Organizations: The legislatures of Florida, Arizona, Pennsylvania and Indiana have enacted laws providing for corporate tax credits for contributions to Student Tuition Organizations (like Vermont Student Opportunity Scholarships). The STOs use the funds thus created to provide scholarships for lower income families to independent schools, including sectarian schools. Research has shown that the program results in reduced taxpayer cost and higher student and family satisfaction.\(^{17}\)

5. Educational Freedom District: This measure would allow voters in a present supervisory union to initiate a process leading to locally designed and controlled education reform, including parental choice, charter schools, virtual schools, mentoring, merit pay, etc. This could be a useful pilot program before the full-scale competition and choice program comes into being.\(^{18}\)

6. Lifelong Education Accounts: When the selected school offers its program at an amount below the value of the tuition certificate (after investing in compensation for higher quality teachers and facilities), it will put the balance into each student’s lifelong education account at a local bank or credit union. The student can subsequently draw on the account to pay for post secondary education, enrichment and exam preparation courses, mentoring, skill training, and educational software and hardware.

This feature could make low-cost schools, especially faith-based schools, more attractive to students who view education as a long term process.

V. Public Schools in a Competitive World: With students free to choose alternative educational programs, traditional public schools will have to make new efforts to achieve operating efficiency and delivery of value. These opportunities are available:

- **Focus on Competitiveness:** Public schools, their monopoly status ended, must act to address the reasons why many parents want to choose an alternative program for their children. These may include low standards, weak assessments, listless teachers, absence of moral instruction, weak curriculum, lax discipline, political indoctrination, intrusiveness, excessive medicalization, and inadequate special education programs. Most of these concerns can be dealt with at the school and school district level; others will require relaxation of state mandates.

- **Increase Class Size Ratios:** Competitive schools will eliminate lightly attended elective courses, increase pupil-teacher ratios to or above the national average, and make full use of contracting, mentoring, and virtual education capabilities.

- **Tighten Financial Management:** Competitive schools will adopt zero based budgeting for supplies and textbooks; manage master teaching schedules for maximum productivity; enforce cost-revenue discipline for all proposed programs (especially when grant funded); require access codes for copier use and long distance calls; and cancel school credit cards.

- **Improve Energy Efficiency:** Competitive schools will purchase fuel in bulk; conduct energy efficiency auditing; install programmable thermostats; and design long term energy efficiency into new facilities.

- **Offer Creative Health Care Choices:** Competitive schools will institute wellness incentive programs to reduce employee insurance costs; and switch to lower cost consumer driven health plans with higher deductibles and employer-funded Health Savings Accounts.
Choose Cost-Effective Privatization: Competitive schools will contract for transportation, cafeteria, facility, maintenance, health services, and special programs like drama, music, and athletics, where such contracting is cost effective.

Make Productive Use of Facilities: Competitive schools will adopt a schedule of facility use rates; lease excess facility space to charter and independent schools and other educational programs; and host charity and athletic events, summer schools, and conferences to increase revenues.

Improve Transparency: Competitive public schools will cooperate with Citizen Audit Committees, pioneered in Connecticut, to promote transparency and generate recommendations for cost savings.19

To survive in competition with other educational offerings, traditional public schools will have to operate very efficient programs, so that the resources saved can be applied to increasing educational value, compensating outstanding teachers, or lowering prices.

Vermont’s technical education centers would continue to be competing special purpose schools, attracting – as now – pupils from their catchment areas, who will bring in the tuition funding for the center’s operation. They would also offer technical education to post-secondary pupils from the local work force, and offer online education opportunities.

Traditional public schools would continue to be governed by elected school boards. Independent and charter schools would be governed by their non-elected boards. Charter schools would also be subject to oversight from their chartering authority: a choice among the Department, a special state chartering board, an institution of higher learning, or possibly other responsible bodies.

VI. Special Education Changes: Local public schools will be relieved from much of their present responsibility for special education. The state Department of Education will accept primary responsibility for fulfilling the federal special education mandate.
The federal Individuals with Disabilities Education Act of 1975 (IDEA) declared the right of a student with “special needs” to a “free and appropriate” education at public expense. As a recent national study observed, “special education began as a program for children with clearly identified physical and mental handicaps. Today, however, it attempts to serve an ever-growing population of youngsters with an ever-lengthening list of problems and difficulties, some of them ambiguous in origin, subjective in identification, and uncertain as to solution.”

Forty percent of all special education pupils are classified as “learning disabled”. As many as 80 percent of all “learning disabled” children are so classified because they are unable to read. The cause is often “instructional failure”, which commonly occurs when school systems abandon proven phonics-based and direct-instruction reading techniques in favor of trendy “whole language” or “look-say” guessing about the meaning of letter combinations. School personnel naturally tend to convert failure to read into a “learning disability”.

At traditional public schools, aggrieved parents are not likely to have much success in demanding that teachers make use of more effective instructional techniques. Teachers naturally believe their choice of techniques to be preferable to the notions of untutored parents. The result: many children don’t learn to read, and are thus classified “learning disabled”, their parents’ protests notwithstanding. This explains why the percent of special education students classified as having Specific Learning Disabilities (nationally) went from 21 percent in 1976 to 40 percent in 2006.

Since the children, through their parents, have a Congressionally-decreed legal right that can be enforced in court, the special education process has become exceedingly litigious. Plaintiff parents dissatisfied with the Individualized Education Plan (IEP) offered to their child frequently engage specialized lawyers to challenge the plan. If the school district makes even one procedural error in defending the case, however harmless, the plaintiffs are likely to win, and the school district is required to reimburse their legal costs.

Indeed, school districts face a bottomless pit of demands from special needs parents and their lawyers. Removing a disruptive or violent special education student from a classroom requires “just cause”, which can be litigated. A school that fails to provide costly “educational” services demanded by the parents of severely disabled children invites a lawsuit. The state Department of Education is often seen as an accomplice to parents demanding more extensive and costly services from local school districts. Not infrequently school boards and superintendents have caved in to parents’ demands rather than risk the potentially staggering costs to the taxpayers of an active and prolonged legal defense.

This report proposes a new way of organizing special education in a new system built upon parental choice and provider competition. The leading model is the Florida McKay Scholarship program, initiated in 1999 and expanded statewide in 2001.

Under the McKay program any student with an Individual Education Plan whose parents are unhappy with their child’s assigned public school is eligible to received a McKay voucher to send their child to a different public or independent school. The voucher is worth what the public school would have spent on each participating student, but may not exceed an independent school’s tuition and fees.

In 2009 20,530 students used McKay vouchers, and 897 independent schools participated in the program. The average voucher was worth $6,519. McKay scholarship expansion won the support of Democratic, Republican, black and Hispanic legislators.
With every parent empowered to choose among public and independent schools and programs, parents are able to seek out curriculum options and instructional techniques that are best fitted to their children with special needs. Instead of being consigned to a public school special education program that is viewed by a school district as secondary to its main purpose and potentially the source of lots of trouble, parents could choose independent school programs whose principal purpose is helping special needs children.

A 1997 Michigan study by the Mackinac Center for Public Policy recounted numerous success stories made possible by local school districts contracting with specialized special education providers. If a selected arrangement proved to be unsatisfactory for the child, the parent could choose another more suitable provider.

Second, since special needs children require more resources than regular pupils, the state would augment the tuition certificate amount depending on the level of services legally required. The burden of providing the “free and appropriate” education would thus rest with the state. Presumably the superintendents would be the state’s local agents in making satisfactory pupil arrangements, and in negotiating costs.

Third, since the state will now be in the position of arranging and paying for much special education, the state Department of Education will take a renewed interest in promoting early reading instruction that works, in place of trendy approaches that too often produce “Specific Learning Disabilities”.

The State will also become the respondent in special education litigation, in place of the local educational agency. To meet that responsibility the Department would doubtless develop its own legal expertise, either in-house or by contracting, to defend the interests of taxpayers against excessive plaintiff demands.

The State might wish to require mandatory mediation or arbitration of special education disagreements. To preserve impartiality, hearing officers for special education cases would have to be removed from the Department and assigned to another office, such as that of the attorney general. Plaintiff lawyers would quickly learn that it is more difficult to defeat an expert defense lawyer representing the state, than a general purpose local attorney hired to represent a local school board.

Fourth, under this proposal local school boards and administrators would be freed of the distracting burden of dealing with costly special education programs and demands – unless they agree to contract with the State for provision of special education services to specified pupils. This is obviously necessary if they are to fairly compete for pupils with independent schools that have no legal responsibility for serve special education pupils.

Traditional public schools would undoubtedly continue to offer special education services for moderately learning-disabled pupils, as part of a contract with the state. They would undoubtedly continue to make accommodations for those with visual, auditory or mobility impairments. But for the first time they would be able to turn away pupils who are disruptive or violent, or so severely disabled that they are incapable of any significant cognitive learning. The parents of such a pupil, with a McKay scholarship, would then choose a public or independent school or other arrangement for their child that they believe to be better designed to handle the special problems involved.

“One size fits all” education is even less satisfactory for children with unique and special educational needs. By empowering the parents and enlarging the number of providers, parents ought to be able to obtain the greatest satisfaction in the way their children are assisted. Local school boards and independent providers would offer special education programs, thus bringing in pupils and their tuition dollars. The state, far better equipped than many local school districts, would accept the responsibility for seeing that every child gets a “free and appropriate” education.
VII. Labor Union Organization: Teachers at any school, public or private, are entitled under state law to organize to obtain union representation in bargaining with the school over compensation, grievances, schedules, and work rules.

While the law does not and should not require membership in the union as a condition of continued employment, non-member teachers in a certified bargaining unit can properly be assessed an agency fee for union representation, with one important qualification. The fee should be commensurate with union expenditures, confirmed by an independent audit, for bargaining and grievance assistance (excluding political activities, lobbying, national union fees, and organizing expenses.)

Teachers’ unions will continue to have the opportunity to organize teachers and support staff in non-public schools. In a regime of competing providers and consumer choice, however, education unions, like private sector unions in companies engaged in the global marketplace, will have to take into account the competitiveness of their employing school when putting forward compensation demands.

VIII. Educational Standards and Assessments: Each school or group of schools receiving tuition certificates would be required to adopt educational standards. These could be the state’s current standards (the default option), or other standards such as the Thomas B. Fordham Institute’s model state standards, or the Core Knowledge standards. Many parents would doubtless prefer to have their children attend a school that taught to the Institute’s top-ranked history standards (Virginia), math standards (California) geography standards (Colorado), and science standards (Indiana).24

Schools will need to adopt assessment instruments designed to assess student learning based on the standards and curriculum they have selected. Individual schools or school systems might choose to assess using tests that allow their pupils to be measured against large national samples, the NECAP tests presently mandated by the state, or other assessment techniques.

The state would require that every school make its choice of standards public, along with its assessment method and annual results.

Many secondary schools might want to make use of the ACT college entrance tests. Illinois has used ACT, with its non-college career preparation section called Work Keys, since 1994, and it has been adopted or is being adopted as the high school assessment method in five other states. Unlike the ponderous NECAP process, the ACT test fits much more smoothly into the school schedule, and yields test results in four weeks. It would provide for free what about half of Vermont’s parents of college-bound seniors are now paying for out of their own pockets.

Best of all, from the taxpayer’s point of view, adopting ACT doesn’t require $2.6 million a year of their money to pay educational consultants to reinvent testing. The cost of giving the state’s 8,800 11th graders the ACT test, plus Work Keys, plus a science augmentation, would be $75 per pupil, or $660,000 a year, a savings of almost $2 million.

IX. Preschool: There is no evidence that universal preschooling yields any educational benefits. That is, it is not possible to test third graders and identify any educational benefit that preschooled pupils have over non-preschooled pupils.25

Preschooling may offer identifiable benefits in the special cases of disabled children, children who do not speak English in their homes, and children from low income or dysfunctional families. The state should offer suitable preschool tuition certificates only to such children, on the order of twenty percent of the student population.
Other parents who desire for their children to attend preschools, or receive day care while the parents are working, should be qualified for a suitably adjusted income-based state dependent tax credit.\textsuperscript{26}

**X. Governance:** Educators have long argued that creating large new governing structures to consolidate control over the public school system will somehow save taxpayer dollars. There is little reason to believe this contention. Mega-districts in a public system will inevitably generate new bureaucracies to replace the ones organized out of existence.

In any case, in the proposed competition and choice system the question of governance and reorganization disappears. Public schools would continue to exist, but they would essentially be independent schools managed by the local school boards. Like all competing schools, the public school’s revenue would come from sales to consumers, not from allocations from a central authority. Schools that failed to attract pupils would have to make creative adaptations, or go out of business.

Since the state would take over responsibility for special education, a major duty of far fewer (than 61) superintendents would be to negotiate special education placements and services from providers to the satisfaction of parents. Superintendents would be employees of the Department, and serve as the Department’s troubleshooters and compliance officers in their regions.

**XI. Transitional Provisions:** In a well-developed competition and choice environment, some public schools will not be able to attract sufficient pupils to remain open. The state will retain residual receivership authority to supervise adaptive reuse of public school properties, contract with other schools or companies to operate existing schools, and retire public school bonded debt.

**XII. Financing Education:** Will a competition and choice model save taxpayer dollars? Since no one can know in advance how a market will develop, the best we can do is present a suggestive model built upon current facts and several reasonable assumptions. (An exhaustive presentation of many models was beyond the scope of this project.)

The chart on the following page shows the SY2009 enrollment figures for public and independent pre-K, K-6, and 7-12 schools. The independent schools are further broken down into sectarian and nonsectarian. The four tuition-funded independent academies are included under “public 7-12.” (2615 students).

The “Current$” column shows the assumed average public school cost for pre-K, K-6, and 7-12. These three numbers were selected to make the total approximate the $1,096,025 budgeted for FY2010. (About $400 million is spent in addition on special education, tech centers, state placed pupils, departmental overhead, and other programs. These are not included in the Education Spending Grants to local districts.)

Model A shows the number of current students as distributed today among the various schools, plus homeschooling. These pupil numbers are multiplied by average tuition certificate amounts of
<table>
<thead>
<tr>
<th></th>
<th>No.</th>
<th>Current$</th>
<th>Mod A</th>
<th>Avg. Tuition</th>
<th>Amount A</th>
<th>Mod B</th>
<th>Change Tuition Amount B</th>
<th>Avg. Tuition</th>
<th>Amount B</th>
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<tr>
<td>Public Pre-K</td>
<td>3,690</td>
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<td>11,070,000</td>
<td>738</td>
<td>3,000</td>
<td>2,214,000</td>
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<td>Public K-6</td>
<td>43,738</td>
<td>10,000</td>
<td>437,380,000</td>
<td>43,738</td>
<td>10,000</td>
<td>437,380,000</td>
<td>34,990</td>
<td>-8,748</td>
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<td>Public 7-12</td>
<td>43,418</td>
<td>14,900</td>
<td>646,928,200</td>
<td>43,418</td>
<td>14,900</td>
<td>646,928,200</td>
<td>34,734</td>
<td>-8,684</td>
<td>14,900</td>
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<td><strong>Total Public</strong></td>
<td>90,846</td>
<td></td>
<td>1,095,378,200</td>
<td>87,894</td>
<td>1,086,522,200</td>
<td>70,463</td>
<td>869,660,560</td>
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<td>Ind Nonsectarian pre-K</td>
<td>249</td>
<td></td>
<td></td>
<td>30</td>
<td>3,000</td>
<td>90,000</td>
<td>30</td>
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<td>1,413</td>
<td></td>
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<td>14,130,000</td>
<td>5,787</td>
<td>4,374</td>
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<td>Ind Nonsectarian 7-12</td>
<td>2,297</td>
<td></td>
<td>34,225,300</td>
<td>2,297</td>
<td>14,900</td>
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<td>6,639</td>
<td>4,342</td>
<td>7,450</td>
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<td><strong>Total Ind Non-sectarian</strong></td>
<td>3,959</td>
<td></td>
<td>3,740</td>
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<td>3,000</td>
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<td>0</td>
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<td>3,000</td>
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<tr>
<td>Ind Sectarian K-6</td>
<td>1,134</td>
<td></td>
<td>11,340,000</td>
<td>1,134</td>
<td>10,000</td>
<td>11,340,000</td>
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<td>Ind Sectarian 7-12</td>
<td>737</td>
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<td>10,981,300</td>
<td>737</td>
<td>14,900</td>
<td>10,981,300</td>
<td>5,079</td>
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<td><strong>Total Ind Sectarian</strong></td>
<td>2,088</td>
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<td>1,871</td>
<td>10,587</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>96,893</td>
<td></td>
<td>93,505</td>
<td>1,157,288,800</td>
<td>93,505</td>
<td>1,015,19,680</td>
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<tr>
<td>Homeschooled pupils</td>
<td>1,941</td>
<td></td>
<td>0</td>
<td>1,941</td>
<td>500</td>
<td>970,500</td>
<td>1,941</td>
<td>0</td>
<td>500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,095,378,200</td>
<td></td>
<td>1,158,259,300</td>
<td>1,014,490,180</td>
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</table>

Public kindergarten numbers are FTE.
Public school numbers do not include EEE and adults.
Public 7-12 includes four tuition academies (2,615 students).
The prices for the three public grade levels are arbitrarily selected to make the total = $1,096,000 (FY2010).
Amounts do not include special education, tech centers, adult education, dept. overhead, etc.
Both models: Pre-K reduced to target 20 percent neediest children @ $3,000.
Model A: Present enrollment distribution with tuition amounts as shown in Col. D.
Model B: 20 percent of public school students switch to independent schools at half the cost of public schools. Homeschooled numbers remain constant.
$3,000 for 738 pre-K pupils with special educational problems; by $10,000 for each K-6 pupil; and by $14,900 for each 7-12 pupil. Homeschoolers are added in at a $500 expense via Education Fund grant. (A tax credit could also be used, but its revenue loss would then not appear in the Education Fund accounting.)

The Education Spending Grant for public students comes to $1,086,522,200. The difference reflects the savings from targeting pre-K assistance from all children to the twenty percent neediest children.

Model A assumes that all students attending independent schools will receive tuition certificates at the same value as those given to public school students.

If all current independent school students were included at the same prices, the total would increase to $1,157,288,800. Including the cost of the home school certificates brings the total to $1,158,259,300.

Model A is not realistic, because it assumes there will be no change in the distribution of pupils. With tuition certificates available to attend independent schools, it is certain that those schools will show significant growth in enrollment – at lower prices than public schools.

Model B shows the same calculation on the assumption that 20 percent of the state’s K-12 public school students switch to independent schools, with tuition certificates averaging one half of the public school average cost.

Since the 2009 Friedman Foundation poll (see p. 9) found that 44 percent of Vermont voters favor private school options for their children, the 20 percent figure seems justifiable – especially since parents will not have a broad menu of educational choice options until those options have been created.

The Education Spending Grant under Model B is much ($81 million) lower than the current public school only funding. This is of course because students are transferring from high cost to lower cost schools.

There is every reason to believe that once a competition and choice educational system fully emerges, more and more students will go to efficient, low cost independent and especially virtual and cyber schools, and fewer will attend traditional public schools. More families will also switch to homeschooling and disappear from the calculation, except for cashing the $500 certificate.

In addition to reducing Education Spending Grant payments, the department overhead will drop significantly as it transitions out of the business of trying to invent and calibrate standards and assessments, and direct and monitor the activities and performance of over three hundred public schools.

The overall calculation also does not reflect the likely reduction in the cost of special education, as parents win the right to choose the program most suitable for their children, and the new challenge of prevailing over the state’s legal defense lawyers discourages adventuresome special education lawsuits that have often succeeded against undergunned local school districts.

XIII. Advantages: Educational competition and choice offer many advantages to Vermont and Vermonters.
For parents and children: it offers parents the chance to choose the educational opportunity they believe to be most suitable for their children – and to make different choices if one experience is not satisfactory.

For teachers: creative, motivated teachers will welcome a dynamic education marketplace, where they can take their talents to a rewarding professional learning environment most suited to their skills, free of much of the administrative baggage that comes with traditional public schools.

For principals: it will reward entrepreneurial principals who can provide dynamic leadership to their school, whether public or independent, and build programs that will attract students, revenues, and distinction.

For superintendents: it will relieve superintendents (probably fewer than twenty, instead of the present 61) of constantly monitoring and advising as many as 14 local school boards. They will continue to be the state’s lead agents in managing special education programs.

For school boards: if their district continues to operate one or more public schools, the elected school boards will have the same powers to creatively guide the enterprise as directors of an independent school corporation.

For small rural schools: Many small rural schools are faced with the threat of closure by consolidation proposals advocated by the state Department of Education. Given the opportunity to reorganize as creative charter schools, such schools could survive and even prosper and expand. Examples include Houston MN, Paisley OR, Ellsworth KS, and Midland PA.27

For taxpayers: replacing the present near-government monopoly educational system with choice and competition will allow many families to move their children to lower cost independent and/or virtual schools that seem to them to offer a better educational opportunity. This, plus the inevitable efficiencies that technology will bring over the next decade, will save billions in taxpayer spending, and sharply ease the pressure on business and residential property taxes and on the state’s General Fund.

For Vermont as a whole: moving to a competition and choice model will stimulate a vibrant, dynamic educational marketplace that will help our children acquire the skills they need to flourish in the 21st century, and put Vermont on the nation’s map as a hotbed of imagination, innovation and achievement.28

Of course there will be some who will not benefit from the new approach. This group includes many those who now benefit from the compensation and perquisites afforded by a government monopoly school system. Competition and choice will threaten to disrupt their comfortable positions. Many will have to make wrenching changes, making use of imagination not often required (or even allowed) under the monopoly system – or else their schools and paychecks will shrivel from want of customers.

Those who mount reactionary opposition against dynamic change that promises better educational outcomes and lower taxpayer cost, have no valid claim on perpetual support by a public that deserves better for themselves – and for their children.

Better value with fewer taxpayer dollars is a challenge – but it can be met.

School Vouchers Are a Cost-Saver for Taxpayers

If your goal is efficiency and saving tax dollars, K-12 education voucher programs are an astounding success.

Florida’s voucher program, for example, costs $3,950 per student, compared with a public school system that spends $7,000 per pupil. Surely even the efficiency of the free market can’t make up for a 44 percent funding deficit, right? Wrong: A Northwestern University study found no difference between achievement in students attending schools through voucher programs and those attending public schools.

Similarly, the U.S. Department of Education reports that students in Washington, DC’s high-profile Opportunity Scholarship Program kept up with their peers in public schools despite the voucher programs receiving only 56 percent as much per-pupil funding.

In a time of exploding state budget deficits, it makes sense to consider measures proven to cut costs and retain quality. Creating and extending voucher programs can be invaluable in getting state budgets out of crisis while providing children with the best education possible. (Heartland 2009.)
END NOTES

1 Act 1, 2009 special session, sec. H.57.
2 Act 60 of 1997, especially Part I.
3 Brigham v. Vermont, 166 VT. 246 (1997)
4 Act 84 of 1987
5 Vermont Department of Education, Summary of the Annual Statistical Report of Schools (various years)
6 Vermont Department of Education, Public School Enrollment Report, various years
9 U.S. Census Bureau, State and Local Government Finances 2006; U.S. Bureau of Economic Analysis, State Personal Income
10 Vermont Department of Education, Teacher/Staff Full-Time Equivalency (FTE) and Salary Report
11 See numerous examples in Chapter 4 of Liberation Learning (Moe and Chubb, 2009).
12 See for example the Geographical Cost of Education Index (GCEI) in use in the state of Maryland.
14 See Center for Education Reform (www.edreform.com) for copious description of charter schools across the country.
15 See Walberg, School Choice: The Findings at 33.
16 See Moe and Chubb, Liberating Learning, Chapter 4.
17 See Friedman Foundation, ABCs of School Choice (2009-2010) for a state by state listing of a wide variety of policies to expand parental choice.
19 Yankee Institute, Citizens Audit Committees: How to reduce property taxes by forming a Citizen’s Audit Committee in your town. (2009)
21 National Center for Education Statistics, 2009
23 Mackinac Center for Public Policy, “Do Private Schools Serve Difficult to Education Children? (October 1997)
25 See Finn Jr., Reroute the Preschool Juggernaut, passim.
26 See Adam B. Schaeffer, The Poverty of Preschool Promises: Saving Children and Money with the Early Education Tax Credit (Cato Policy Analysis 641, 2009). The Vermont child care tax credit provision can be found at 32 VSA 5828c.
27 Jessica Wehrman, “Rural Schools Innovate to attract more students” Scripps Howard News Service, August 16, 2004; also Moe and Chubb, Liberating Learning.
28 There is a vast literature on effective parental choice programs abroad, notably in the Netherlands (since 1917), Denmark, France, Belgium, Australia and New Zealand, and in Edmonton, Alberta, Canada. See Coulson, Tooley, and Salisbury and Tooley.
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Tooley, James, The Beautiful Tree (Washington: Cato Institute, 2009).


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American Enterprise Institute www.aei.org

Cato Institute www.cato.org

Center for Education Reform www.edreform.com

Ethan Allen Institute www.ethanallen.org

Thomas B. Fordham Institute, www.fordhaminstitute.org

Friedman Foundation for Educational Choice www.friedmanfoundation.org

Heritage Foundation www.heritage.org
Better Value, Fewer Taxpayer Dollars

Summary for Policymakers

The fundamental premise of this report is that a policy of creating an ever-enlarging “system”, directed from the top down, populated with thousands of teachers, administrators, and bureaucrats, controlling the annual expenditure of $1,450 million taxpayer dollars, jealously protective of the benefits enjoyed by the people employed in the “system”, and dismissive of the abilities and preferences of parents and children, is a policy headed off in a totally wrong direction.

Such a policy will, ultimately, and despite the best intentions of many persons within that system, shortchange our students, defeat the preferences of many parents, and spend ever escalating amounts of taxpayer dollars for little or no added educational benefit.

It is based on the idea that the great majority of parents and children have the capacity to identify the kind of education most congenial to their children’s needs and preferences, and that public financial support for education should flow not through overgrown and nonproductive bureaucracies, but directly through the consumers to a wide array of educational providers, some public, some private, that attract revenues by offering a product that their customers want.

Principles:

1. Public Responsibility for Education
2. Consumer Choice
3. Consumer Empowerment:
4. Provider Competition
5. Public Oversight
6. Increased Use of Innovative Educational Technology
7. Primary State Responsibility for Special Education
8. Substantial Equity in Educational Opportunity

Policy Techniques:

1. Tuition Certificates Instead of State Payments to Schools
2. Charter Schools
3. Virtual Schooling
4. Tax Credits for Student Tuition Organizations
5. Education Freedom District
6. Lifelong Learning Credit

Ethan Allen Institute
www.ethanallen.org
December 2009
The Ethan Allen Institute, founded in 1993, is Vermont's independent, nonpartisan, free-market public policy research and education organization—a "think tank" for issues facing Vermonter.

The Mission of the Institute is to influence public policy in Vermont by helping its people to better understand and put into practice the fundamentals of a free society: individual liberty, private property, competitive free enterprise, limited and frugal government, strong local communities, personal responsibility, and expanded opportunity for human endeavor.

**The Institute's areas of interest include:**

- Vermont's economic future, particularly the vitality and diversity of its competitive free enterprise sector.
- The fiscal practices and condition of state government—taxation, spending, and borrowing.
- State and local regulatory practices, and their effect on the economy and the rights of the people.
- Better education for all Vermont children, and an efficient, accessible health care system, each based on the principles of personal responsibility, competition, and empowered consumer choice.
- The preservation of free, accountable, democratic government, where public decisions are made at the level as close as possible to the people themselves.
- Adherence to Vermont's basic charter of government, the Constitution.
- The strengthening of Vermont community and family life, and the protection of local government from burdensome and costly mandates.

The Institute advances these ideas through print and radio commentaries, publications, newsletters, conferences, debates, and public dinners and meetings.

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