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**From:** Chris Murphy <chrismurphyforbsd@gmail.com>  
**Sent:** Tuesday, December 26, 2017 12:15 PM  
**To:** Russo-Savage, Donna  
**Cc:** Culkeen, James  
**Subject:** Act 46, Section 9, for Bennington School District  
**Attachments:** Bennington School District Act 46 Section 9 plan.pdf

Dear Ms. Russo-Savage,

Attached, please find the *Merger Study Report and Articles of Agreement* generated as part of the Act 46 merger plans within the Southwestern Vermont Supervisory Union. This report addresses the possible merging of several school districts in Bennington County, including the Bennington School District (B.S.D.), for which I serve as Chair of the Board of Directors. This report was approved by A.O.E. on September 20<sup>th</sup>. On November 07<sup>th</sup>, the merger was approved by Bennington voters by a margin of nearly 3 to 1. Merger implementation was contingent on two of the three advisable districts also approving the plan; the merger failed as the plan was approved by only one advisable district.

On 12/22/2017, the B.S.D. empowered me, as its Chair, to submit the attached report to you to fulfill its requirements under Act 46 Section 9. The B.S.D. requests that the A.O.E. effectuate all elements of the attached merger plan, including the tax incentives, as approved by A.O.E. on 09/22 and approved by Bennington voters on 11/07. Thank you for your time in considering this request, and happy New Year.

Respectfully submitted,

Christopher B. Murphy  
Chair, Bennington School District Board of Directors

MOUNT ANTHONY UNION SCHOOL DISTRICT

# Merger Study Report and Articles of Agreement

Bennington-North Bennington-Pownal-Shaftsbury-Woodford-Union  
District #14 (Mount Anthony)

September 1, 2017

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## Merger Study Committee Members

Donald Campbell (Bennington) – Chairperson

Cindy Brownell (Pownal)

Amy Dobson (Bennington)

Dick Frantz (Woodford)

Jeff Leake (Shaftsbury)

Erin McEnaney (Shaftsbury)

Dan Monks (Bennington)

Jon Peaslee (Pownal)

Chaila Sekora (Bennington)

### Committee Support Staff

James Culkeen, SVSU Superintendent

Renee Gordon, SVSU Director of Finance and Operations

Daniel French, Consultant

Steven Stitzel, Legal Counsel

## Executive Summary

This merger would merge all the school districts in the Southwest Vermont Supervisory Union (SVSU) into a single unified union school district. These districts include the Bennington Independent School District, the North Bennington Independent School District, the Pownal Town School District, the Shaftsbury Town School District, and the Woodford Town School District. These districts are all part of Union School District #14 (Mount Anthony) which operates schools for students in grades 6-12.

All member districts of the Mount Anthony Union School District except for North Bennington operate schools at the elementary level. North Bennington does not operate an elementary school and provides tuition for the education of its elementary students. Since the proposed structure of the new district would be to operate schools for students in grades K-12, the Committee believes it is unlikely the voters of North Bennington will approve this merger.

If not all the Mount Anthony member districts approve the merger, it is the intention of the remaining districts to form a Modified Unified District (MUD) provided a majority of the districts, including Bennington approve the merger. Due to these challenging political dynamics, all the districts are listed as “advisable” to the merger except for the Bennington Independent School District which is listed as “necessary” to the merger. Bennington is substantially larger than the other districts, and the Committee determined its membership would be essential to any merger.

Merging these districts under the MUD framework would produce financial advantages to the communities. Firstly, the MUD would qualify for RED tax incentives as provided by Act 153. These incentives reduce the tax rate by 8 cents, 6 cents, 4 cents, and then 2 cents for each year over a four-year period. The merger would also preserve approximately \$41,000 in revenue that previously went to Woodford under the Small Schools Grant program. The merger is likely to lower costs by the elimination of some administrative services and positions. These savings are projected to be approximately \$100,000 a year and include services such financial auditing and legal fees.

The Committee concluded the State will likely compel these districts to merger under the state

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*This proposed merger is likely the last and only opportunity for these communities to obtain tax incentives for merging, something they will probably be required to do anyway at some point in the future.*

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governance plan required in 2019. This proposed merger is likely the last and only opportunity for these communities to obtain tax incentives for merging, something they will probably be required to do anyway at some point in the future.

Other than the projected \$100,000 in annual savings from administrative costs,

this merger is not expected to produce significant savings in the near term since many services provided to these districts have already been centralized through the SVSU, and over 80% of the assets of these districts are already shared through membership in Union District #14. The merger will realize long-term financial benefits, however, through an improved management structure which will allow for a more effective allocation and oversight of shared resources. This will be especially true in staffing. Like most Vermont school districts, approximately 80% of all school district costs in these districts are associated

with personnel. This merger will create one employer of record for all personnel giving the new district greater flexibility in adjusting staffing patterns based on evolving student needs and changing economic circumstances.

Consistent with the goals of Act 46, the Committee concluded this merger would create a more sustainable and effective governance structure. The merger would create a single school board to oversee PreK-12 education instead of having separate elementary boards in each community and a different board for middle and secondary education. The Committee concluded a single board PreK-12 will be in a better position to provide equitable learning opportunities for all students, and will be better able to monitor student outcomes at each grade level to ensure all students meet high standards. A single district will allow for the creation of shared programming for students in need of remediation and for students in need of academic enrichment since district boundaries will no longer be a barrier to such access. A single board will also allow the district's leadership to better focus on continuous organizational improvement instead of duplicative governance functions unrelated to student outcomes.

## Governance Study Context and Process

### SVSU Districts and Act 46

These districts have been challenged to find a path forward under Act 46. The districts formed their first formal merger study committee in the fall of 2015. Much of this committee's work was dedicated to understanding Act 46 and how it could be applied to the SVSU context including evaluating merger options with districts outside of the SVSU. A central theme of the committee's deliberations pertained to taking stock of the degree of the centralization that already existed among SVSU districts: the success SVSU districts had in working together to share resources under the current structure seemed to limit the enthusiasm for merging the districts, with the belief that the under the current structure the member districts could meet the policy goals of Act 46.

After a year of deliberations, this committee had not reached consensus on a course of action. In May of 2016, it was decided to expand the membership of the committee to include more perspectives on the process. The committee also decided to hire its first consultant, Steve Sanborn, to help guide them through the merger process. At the same time, North Bennington expressed an interest in leaving the committee so it could pursue other merger options.

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*The best method I've seen so far is to simply use the MAU model to consolidate. It's worked for this community for decades, and I believe it will work as a K-12 model. ... Consolidation makes a lot of sense, and we should pursue it aggressively.*

*-Daniel Monks, Bennington School Board Member*

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Once it was determined North Bennington could not leave the merger process unless the committee concluded it was advisable or not advisable to merge the districts, the committee determined it was not advisable to merge the districts in August 2016.

The school boards of the districts continued with informal conversations about Act 46 options in the fall of 2016, but after elections in March 2017, a new merger study committee was formed. The issue of consolidation under 46 emerged as an important theme of school board elections. The new Committee started meeting in the June of 2017. At the same time, Act 49 was signed into law creating an extension to the RED merger tax incentives that were previously set to expire on June 30, 2017. The combination of renewed political energy coupled with the possibility for tax incentives gave new energy to merger study efforts.

## The Second Merger Study Committee and Its Process

The new Committee organized around the understanding that it would seek to follow an aggressive timeline for its work to ensure access to any tax incentives. Access to the incentives would require an affirmative vote of the voters no later than November 30, 2017. Using the work done by the previous study committee, the new Committee followed an expedited study process during the months of June and July 2017. The local cable access TV station, CAT-TV, televised all the Committee's meetings, and the Committee's working documents, agendas, and minutes were posted on the SVSU website. After several meetings using the prior committee's work as a guide, the new Committee determined it was advisable to merge the districts in July 2017 using the MUD fallback model as the best approach.

## Committee Findings

### Policy Objectives of Act 46

The Committee concluded this merger would be an effective solution for the region to meet the policy objectives of Act 46. These policy objectives are focused on creating a more sustainable school district governance system to support local decisions that:

1. Provide substantial equity in the quality and variety of educational opportunities;
2. Lead students to achieve or exceed the State's Education Quality Standards;
3. Maximize operational efficiencies through increased flexibility to manage, share, and transfer resources, with a goal of increasing the district-level ratio of students to full-time equivalent staff;
4. Promote transparency and accountability; and
5. Are delivered at a cost that parents, voters, and taxpayers value.

### Goal #1: Equity in the Quality of Educational Opportunities

The Committee identified the following opportunities to meet this goal by merging the districts:

- Better implementation of a single mission statement and unified vision with focused goals for school effectiveness
- Consistency in curriculum development – representative curriculum teams (PK-Elementary-MS-HS)
- Greater consistency in delivery of student support systems including a comprehensive Multi-Tiered System of Supports (MTSS)



- Supports better coordination of curriculum including PreK programming
- Increases possibility for parents to access programs throughout the region including before/after school programs, arts, athletics, music, etc.
- Increased flexibility in the deployment of instructional resources including staff
- Creates the opportunity for elementary school choice

#### Goal #2: Students Exceeding or Achieving State Quality Standards

The Committee identified the following opportunities to meet this goal by merging the districts:

- Increases ability of administrators including school leaders to put more of their focus on instructional leadership instead of management tasks associated with duplicative governance functions
- Better coordination and sharing of professional development that is targeted on student outcomes across the entire system, PK-12
- Improves monitoring of student achievement data and other indicators of student success across the entire system, PK-12

#### Goal #3: Maximize Operational Efficiencies

The Committee identified the following opportunities to meet this goal by merging the districts:

- More efficient oversight of finance systems and grants
- Improved communication among administrative staff – less “handoffs” and dropped connections
- Greater ability in assigning staff based on class sizes and student-teacher ratios
- Greater oversight and sharing of expertise in areas such as maintenance for buildings and grounds
- Less time spent on budgets, financial systems necessary to track funds between the supervisory union and member districts
- Creates one treasurer and one audit
- Consolidates payroll functions by creating one employer of record

#### Goal #4: Promotes Transparency and Accountability

The Committee identified the following opportunities to meet this goal by merging the districts:

- Creates one budget and one tax rate for all education spending in the region
- Establishes one central school board for parental and community interaction

#### Goal #5: Services Provided at a Cost that Parents, Voters, and Taxpayers Value

The Committee identified the following opportunities through merging the districts:

- Stabilizes tax rates for smaller districts

- Reduces the possibility of exceeding the excess spending threshold
- Reduces costs for annual audits
- Reduces legal costs
- Increases purchasing power
- Moderates costs over time for major expenses, especially for smaller schools
- Maintains revenues previously awarded through the Small Schools Support Grant
- Enhances flexibility in responding to changes in student enrollments, which will allow for classroom/school reconfigurations that enable the most efficient district-wide ratio of students to full-time equivalent staff.

### Projected Tax Rate Implications

The best measure of the financial implications of this merger is the residential education property tax rate. The merger will generate some immediate reductions in education spending as outlined above, but these savings will not be significant due to extensive centralization of operations that has already occurred under the SVSU, and with a large amount of district assets already being shared through membership in Union District #14. There is a potential for long-term savings, however, with the improved oversight of operations, greater flexibility in assigning staff, and the ability to modify school facility use to address changes in enrollment.

A significant outcome of this merger from a financial perspective is there will be one residential education property tax rate for all communities in the District. This rate would be adjusted locally based on each community's CLA. We cannot know what the actual tax rate will be after merging since this calculation will be based on future education spending and equalized pupil numbers. We can, however, use current FY2018 data to project the impact of merging on the current tax rates. Table 1 describes comparison tax rate data for each community because of the merger.

Table 1: Projected Tax Implications of the Merged District Based on FY2018 Data

<b>MERGED DISTRICT</b>					
<b>FY18 ED SPENDING</b>	\$46,928,193				
<b>FY 18 EQ PUPILS</b>	3243.47				
<b>ED SPENDING PER EQ PUPIL</b>	\$14,469				
<b>FY18 PROPERTY YIELD VALUE</b>	\$10,160				
<b>EST RES PROPERTY TAX RATE</b>	\$1.4241				
	<b>FY18 Total Res Tax Rate</b>	<b>Merged Tax Rate</b>	<b>BEFORE INCENTIVE INC/(DEC)</b>	<b>Merged Tax Rate Less 8 Cent Incentive</b>	<b>AFTER INCENTIVE INC/(DEC)</b>
<b>BENNINGTON</b>	\$1.3975	\$1.4241	\$0.03	\$1.3441	-\$0.05
<b>NORTH BENNINGTON</b>	\$1.5677	\$1.4241	-\$0.14	\$1.3441	-\$0.22
<b>POWNAI</b>	\$1.4912	\$1.4241	-\$0.07	\$1.3441	-\$0.15
<b>SHAFTSBURY</b>	\$1.4091	\$1.4241	\$0.02	\$1.3441	-\$0.06
<b>WOODFORD</b>	\$1.2853	\$1.4241	\$0.14	\$1.3441	\$0.06

In this type of merger where no major restructuring of schools is occurring, all the districts' education spending is pooled together and then divided by the total number of equalized pupils. This approach yields a merged district tax rate of \$1.4241. This would be the tax rate before applying the 8-cent tax reduction incentive for merging. After applying the 8-cent incentive, North Bennington and Pownal would see the greatest reductions in their tax rates (22 cents and 15 cents respectively), and Woodford would be the only district to see a tax increase (6 cents). Table 2 shows similar data as Table 1 but with the removal of North Bennington since the Committee assumes it would be unlikely that North Bennington would approve the merger.

Table 2: Projected Tax Implications of the Merged District Based on FY2018 Data, Without North Bennington

<b>MERGED DISTRICT WITHOUT NORTH BENNINGTON</b>					
<b>FY18 ED SPENDING</b>	\$44,540,628				
<b>FY 18 EQ PUPILS</b>	3103.79				
<b>ED SPENDING PER EQ PUPIL</b>	\$14,350				
<b>FY18 PROPERTY YIELD VALUE</b>	\$10,160				
<b>EST RES PROPERTY TAX RATE</b>	\$1.4124				
	<b>FY18 Total Res Tax Rate</b>	<b>Merged Tax Rate</b>	<b>BEFORE INCENTIVE INC/(DEC)</b>	<b>Merged Tax Rate Less 8 Cent Incentive</b>	<b>AFTER INCENTIVE INC/(DEC)</b>
<b>BENNINGTON</b>	\$1.3975	\$1.4124	\$0.01	\$1.3324	-\$0.07
<b>POWNA</b>	\$1.4912	\$1.4124	-\$0.08	\$1.3324	-\$0.16
<b>SHAFTSBURY</b>	\$1.4091	\$1.4124	\$0.00	\$1.3324	-\$0.08
<b>WOODFORD</b>	\$1.2853	\$1.4124	\$0.13	\$1.3324	\$0.05

The merger would produce a single residential education property tax rate in each community, but that rate would still be adjusted locally by each community’s Common Level of Appraisal (CLA). Table 3 describes the impact of the local CLAs on the tax rates.

Table 3: Projected Tax Implications Using FY2018 Data, Without North Bennington, With CLAs

	<b>2018 CLA</b>	<b>FY18 TOTAL RES TAX RATE W/CLA</b>	<b>MERGED TAX RATE W/CLA</b>	<b>INC/DEC</b>	<b>MERGED RATE LESS 8-CENT INCENTIVE</b>	<b>INC/DEC</b>
<b>BENNINGTON</b>	93.61%	\$1.4929	\$1.5088	\$0.02	\$1.4288	-\$0.06
<b>POWNA</b>	107.38%	\$1.3887	\$1.3153	-\$0.07	\$1.2353	-\$0.15
<b>SHAFTSBURY</b>	106.75%	\$1.3200	\$1.3231	\$0.00	\$1.2431	-\$0.08
<b>WOODFORD</b>	104.61%	\$1.2287	\$1.3502	\$0.12	\$1.2702	\$0.04

### Assets and Liabilities

All current assets and liabilities of the current districts would become property of the new district on July 1, 2019. This gives the current districts two years to determine how to address their assets and reserve fund balances prior to the merger. The school buildings and their immediate grounds will be sold to the new district for one dollar under a provision that requires the new district to sell the buildings to the towns under similar terms if the new district ends up not operating a school at a future date. All reserve fund balances on June 30, 2019 will be transferred to the new district under the terms specified in the merger Articles of Agreement. Table 4 lists the major assets and liabilities of the districts.

Table 4: District Assets and Liabilities by Type

DISTRICT	ASSET OR LIABILITY	TYPE	VALUE AS OF JUNE 30, 2016 AUDIT REPORT	2017 ACTIVITY
BENNINGTON	Asset	Buildings/improvements	\$1,801,486	
BENNINGTON	Asset	Furniture & Equipment	\$681,942	
BENNINGTON	Asset	Land	\$53,000	
BENNINGTON	Liability	Capital lease*	-\$107,045	
BENNINGTON	Liability	New equipment lease		-\$34,849
BENNINGTON	Liability	Bond Payable (orig. amt \$4,461,000)		-\$4,461,000
MAU	Asset	Buildings/improvements	\$19,922,786	
MAU	Asset	Furniture & Equipment	\$2,370,850	
MAU	Asset	Land	\$410,626	
MAU	Liability	Capital lease*	-\$80,699	
MAU	Liability	New equipment leases		-\$203,568
MAU	Liability	Bond Payable (orig. amt \$14,374,000)	-\$4,245,000	
		Buildings/improvements, furniture & equipment		
N BENN	Asset		\$541,971	
N BENN	Asset	Land	\$15,000	
N BENN	Liability	Bond Payable (orig. amt \$425,000)	-\$335,000	
POWNAL	Asset	Buildings/improvements	\$295,519	
POWNAL	Asset	Furniture & Equipment	\$256,732	
POWNAL	Asset	Land	\$37,500	
POWNAL	Asset	Vehicles	\$61,916	
SHAFTSBURY	Asset	Buildings/improvements	\$503,864	
SHAFTSBURY	Asset	Furniture & Equipment	\$170,773	
SHAFTSBURY	Asset	Land	\$30,000	
SHAFTSBURY	Liability	Bond Payable (orig. amt \$265,000)	-\$5,000	
SHAFTSBURY	Liability	New equipment lease		-\$21,149
WOODFORD	Asset	Buildings/improvements	\$127,184	
WOODFORD	Asset	Land	\$23,000	

\*PRESENT VALUE (06/30/16) OF FUTURE MINIMUM LEASE PAYMENTS

Table 5 summarizes the assets and liabilities of each district. The majority (83%) of the assets of these districts are already shared through membership in Union District #14. The liabilities, on the other hand are shared approximately 50-50 between Bennington and Union District #14.

Table 5: Summary of Assets and Liabilities

	<b>ASSETS</b>	<b>% OF TOTAL</b>	<b>LIABILITIES</b>	<b>% OF TOTAL</b>
<b>BENNINGTON</b>	\$2,536,428	9%	-\$4,602,894	48%
<b>MAU</b>	\$22,704,262	83%	-\$4,529,267	48%
<b>NORTH BENNINGTON</b>	\$556,971	2%	-\$335,000	4%
<b>POWNAL</b>	\$651,667	2%	\$0	0%
<b>SHAFTSBURY</b>	\$704,637	3%	-\$26,149	0%
<b>WOODFORD</b>	\$150,184	1%	\$0	0%
<b>TOTAL</b>	<b>\$27,304,149</b>		<b>-\$9,493,310</b>	

### Reserve and Restricted Use Funds

The Committee is proposing the merge district assume operational control of the member schools on July 1, 2019. This delay in operation creates a transition period for the current school districts to consider the disposition of their assets such as reserve funds and other funds that might have a restricted use. Any fund balances that exist as of June 30, 2019 will be property of the new district on July 1. The new district may retain fund balances in a similar restricted use format. For example, if Pownal had a fund dedicated to renovating the Pownal Elementary School, the new district can also have a fund that is restricted for renovating the Pownal Elementary School. Table 6 provides a listing of the current reserve funds of each district.

Table 6: Reserve Funds by District

<b>DISTRICT</b>	<b>FUND NAME</b>	<b>FY17 BALANCE</b>	<b>FY18 BUDGET</b>
<b>BENNINGTON SCHOOL DISTRICT, INC.</b>	Major Renovation	\$363,386.87	\$50,000.00
	Path Project	\$4,000.00	\$9,000.00
<b>MT. ANTHONY UNION HIGH SCHOOL DISTRICT #14</b>	QZAB Renovation/Repair	\$611,812.17	\$0.00
<b>NORTH BENNINGTON GRADED SCHOOL DISTRICT, INC.</b>	Sinking - Bldg Maint.	\$71,623.36	\$31,000.00
<b>POWNALE ELEMENTARY SCHOOL DISTRICT</b>	Sinking - Bus	\$115,098.25	\$0.00
	Major Renovation	\$187,409.50	\$30,000.00
<b>SHAFTSBURY ELEMENTARY SCHOOL DISTRICT</b>	Capital Projects	\$250,906.49	\$185,000.00
<b>WOODFORD ELEMENTARY SCHOOL DISTRICT</b>	Operating/Capital	\$137,930.69	-\$100,000.00

Table 7 lists other restricted use funds of each district.

Table 7: Other Restricted Funds by District

<b>DISTRICT</b>	<b>FUND</b>	<b>BALANCE AS OF 06/30/2016</b>
<b>BENNINGTON SCHOOL DISTRICT, INC.</b>	Stratton Monroe Scholarship Fund	\$13,538.00
	Edith M. Dewey Scholarship Fund	\$3,928.00
	Student Activity Account - Benn El	\$2,017.00
	Student Activity Account - Molly Stark	\$28,530.00
	Student Activity Account - Monument	\$9,942.00
<b>NORTH BENNINGTON GRADED SCHOOL DISTRICT, INC.</b>	Enrichment Gift Fund	\$56,027.09
<b>MT. ANTHONY UNION HIGH SCHOOL DISTRICT #14</b>	Scholarship Accounts	\$52,102.00
	Common Stock	\$2,382.00
	Student Activity Accounts	\$220,407.00
<b>POWNALE ELEMENTARY SCHOOL DISTRICT</b>	Student Activity Accounts	\$32,444.00
	PTA Fund	\$9,067.00
<b>SHAFTSBURY ELEMENTARY SCHOOL DISTRICT</b>	Student Activity Accounts	\$13,254.00
	Kip Fund	\$61,403.17
	Tilgner Memorial Fund	\$3,985.77
<b>SOUTHWEST VERMONT SUPERVISORY UNION</b>	Flexible Spending Account	\$71,720.49

### Impact Aid

Bennington and Woodford currently receive Impact Aid revenue from the federal government. These revenues are designed to compensate a school district for properties that are in federal lands. Since the



affected properties would be now part of the merged school district, the new district would be the recipient of these revenues. In total, the new District could expect to receive approximately \$140,000 a year from this program. It should be noted the future of the Impact Aid program is uncertain. The stability of these revenues, however, is not affected by this merger. Table 8 summarizes the Impact Revenues for the last five years.

Table 8: Impact Aid Revenues, FY2013 - FY2017

	FY13	FY14	FY15	FY16	FY17
<b>BENNINGTON</b>	\$8,428.52	\$7,251.02	\$9,137.92	\$9,868.55	\$8,279.70
<b>MAU</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>NORTH BENNINGTON</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>POWNAI</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>SHAFTSBURY</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>WOODFORD</b>	\$71,783.00	\$235,954.00	\$132,456.00	\$130,922.68	\$132,745.15
<b>TOTAL</b>	<b>\$80,211.52</b>	<b>\$243,205.02</b>	<b>\$141,593.92</b>	<b>\$140,791.23</b>	<b>\$141,024.85</b>

### School Closure

This merger, if approved by the voters prior to November 30, 2017, will qualify as a Regional Education District (RED) as described by Act 153. This law provides some protection to a community with a small school that might be concerned about a merged school district closing its school at some point in the future. Under Act 153, a community of a small school must first give its approval before a school can be closed. This default protection extends for a period of four years after a merger.

The Committee desired to extend further protection to communities with small schools beyond the first four years of the merger. Article 10 (6) extends the protections for school closures for an additional year, and requires two votes of 75% of the school board members to close a school.

### Elementary School Choice

The Committee believes one of the potential advantages of this merger is that it will allow for school choice among the elementary schools

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*The Committee believes one of the potential advantages of this merger is that it will allow for school choice among the elementary schools operated by the District since the current district boundaries will no longer confine student attendance to the elementary school in their town of residence.*

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operated by the District since the current district boundaries will no longer confine student attendance to the elementary school in their town of residence. The Committee wanted to ensure current student enrollment patterns were not disrupted for students, so it proposed language in Article 13 that ensures

stability in elementary school enrollments for the first five years of District operations.

After July 1, 2024, the new School Board will have the authority to adjust student enrollment patterns and school grade configurations. The Committee strongly encourages the new School Board to develop a policy that would allow for some system of elementary school choice as soon as practicable. The Committee believes such a system would be beneficial for students and families, and support the broader goals of improving the quality and equity of educational opportunities for all students.

### Necessary and Advisable Districts

The law governing the merger of school districts in Vermont requires the designation of districts that are necessary for the merger. Additionally, some districts may be designated as being advisable for the merger. The difference between necessary and advisable districts is that if a necessary district does not approve the merger, the merger fails. If an advisable district votes against the merger, the merger can still go forward provided all necessary districts voted in favor of the merger. In this merger, only Bennington is listed as a necessary district, but a successful merger will also require the approval of a majority of the districts that comprise Union District #14 (Mount Anthony) since all of the districts are members of that union school district.

There are five voting districts involved in this merger. Union District #14 is not counted since it is already a union district formed by the five districts. For the merger to pass, Bennington (the necessary district) must vote in favor of the merger along with two other districts (three districts in total being a majority of the five). The Committee believes it is unlikely North Bennington will vote in favor of the merger. This means at least two other districts among Pownal, Shaftsbury and Woodford must vote in favor of the merger along with Bennington for the merger to pass.

If the merger is successful but some districts vote against the merger, there will still be a supervisory union. Districts that vote against the merger will still be members of the SVSU, but will be required to submit a plan to the State by January 1, 2017 that justifies their current governance structure in terms of meeting the policy requirements of Act 46.

### Governance and Representation

The Committee believes the MAU board model has worked well for the districts and should be used to determine governance representation for the new district's board. The new board would guarantee a certain number of board member positions for each community. All school board members would be elected through "at-large" voting. At-large voting means that all school board members would be elected by all voters of the new district. For example, Woodford would be guaranteed a representative on the new board. A Woodford resident wishing to run for the board would file a petition with the Clerk of the Town of Woodford with the requisite number of signatures of Woodford residents to get on the ballot. At the election, however, the Woodford candidate along with the full ballot of board member candidates from all the communities would be voted on by the voters of all the districts not just Woodford voters.

The Committee proposes the following board configuration of the new district based on the Mount Anthony Board model.

Table 9: Board Configuration

DISTRICT	NUMBER OF REPRESENTATIVES
BENNINGTON	4
NORTH BENNINGTON	2
POWNAI	2
SHAFTSBURY	2
WOODFORD	1
TOTAL	11

Districts that vote against the merger would still be members of Union District #14 as part of the MUD structure. Their representatives to the MUD board would be expected to recuse themselves from participating in deliberations and voting relevant to elementary school operations. This is described further in the Articles of Agreement.

### Supervisory Union Configuration

This merger could impact the configuration of the SVSU board. The law provides a default configuration of supervisory union boards; each member district that operates a school is afforded three representatives, and each member district that does not operate a school receives one representative. If this merger is successful, the new district will be substantially larger in terms of its number of students and its education spending than any other member district. For example, if the merger was successful and North Bennington and Pownal voted against the merger, the default configuration of the SVSU board would give North Bennington one representative, Pownal three representatives, and the new district three representatives even though the new district would be substantially larger than both North Bennington and Pownal combined.

The law provides a process, however, by which the supervisory union board may petition the State Board of Education to modify its supervisory board structure to better represent the relative size of its member districts. If this merger is successful, the Committee recommends the SVSU board review the composition of its board to ensure and equitable representation of its member districts relative to their operating structure and size.

## Articles of Agreement

The Merger Study Committee recommends the following Articles of Agreement be adopted by each necessary and advisable school district for the creation of a Pre-Kindergarten through Grade 12 unified union school district to be named the Mount Anthony Union School District, hereinafter referred to as the “New Unified District.”

### Article 1: Necessary and Advisable School Districts

The Bennington Independent School District is a necessary district to the formation of the New Unified District. The North Bennington Independent School District, the Pownal Town School District, the Shaftsbury Town School District, and the Woodford Town School District are advisable districts to the formation of the New Unified District. Union School District #14 (Mount Anthony) is also an advisable district to the merger, but its interests are represented by the voters of each of its member districts.

If the voters of the five (5) school districts that are currently members of Union District #14 vote to approve the merger, the New Unified District will be established. If the voters of the Bennington Independent School District and at least two (2) other districts that are currently members of Union District #14 vote to approve the merger, a modified unified union school district will be established to be known as the Mount Anthony Union School District, hereinafter referred to as the “Modified Union District”.

If the New Unified District or a Modified Union District is created, then the districts that voted in favor of merger and Union District #14 shall be referred to herein as the “Forming Districts”.

If the voters approve the merger and a New Unified District is formed, and the Vermont State Board of Education designates the merged entities as a supervisory district pursuant to 16 V.S.A. Section 261(c), then the Southwest Vermont Supervisory Union will transfer its funds, debt, and property to the New Unified District in the same manner as the Forming Districts in Articles 6 and 7, and will cease to exist in accordance with the dates set forth in Article 11.

### Article 2: Additional Districts Advisable to the Merger

There are no additional districts being recommended as advisable districts to the merger.

### Article 3: Grades to be Operated by the Union School District

The New Unified District or Modified Union District will operate schools in grades Pre-Kindergarten through grade twelve.

### Article 4: New Schools to be Constructed

No new school construction is necessary to, or proposed for, the formation of the New Unified District or Modified Union District.

## Article 5: First Year of District Operations

The New Unified District or Modified Union District will provide for the transportation of students, assignment of staff, curricula, education programs, and student services that, to the extent practicable, are consistent with the contracts, policies and practices that were in existence during the year immediately preceding the first year of the New Unified District's or Modified Union District's operation.

The New Unified District Board or the Modified Union District Board of Directors will comply with 16 VSA Chapter 53, Subchapter 3, regarding the recognition of the representatives of employees of the respective forming districts as the representatives of the employees of the New Unified District or Modified Union District and will commence negotiations pursuant to 16 VSA Chapter 57 for teachers and 21 VSA Chapter 22 for other employees. In the absence of new collective bargaining agreements on July 1, 2019, the New Unified District Board or the Modified Union District Board will comply with the pre-existing master agreements pursuant to 16 VSA Chapter 53, Subchapter 3. The New Unified District or Modified Union District shall honor all individual employment contracts that are in place for the forming districts on June 30, 2019, until their respective termination dates.

The Board of School Directors of the New Unified District or the Board of School Directors of the Modified Union District shall make all subsequent decisions relative to the operation of the new district consistent with state and federal laws and these Articles of Agreement.

## Article 6: Assumed Indebtedness

All operating surpluses and/or deficits of any of the Forming Districts shall become the property, and/or the obligation of the New Unified District or Modified Union District, effective July 1, 2019. Those Forming Districts with surpluses or remaining reserve funds as of the close of business on June 30, 2019, will transfer all such funds to the New Unified District or Modified Union District. Reserve funds or like accounts held by school districts prior to June 30, 2019, that have specified conditions of use will be used in accordance with said provisions. All debts or obligations of the forming districts shall be transferred to and assumed by the New Unified District or the Modified Union District.

The debt and funds specified above shall be transferred to the New Unified District or to the Modified Union District in accordance with procedures and timelines established by the New Unified District Board or the Modified Union District Board following its organizational meeting, as further discussed in Article 11.

## Article 7: Transfer of Real Property

The transfer of real property will be implemented as described by Article 10.

## Article 8: School Board Configuration

The configuration of the school board will be established as described by Article 10.

### Article 9: Initial Board Member Terms of Office and Election

The term of office for School Directors elected on October 10, 2017 shall be one, two, or three years, respectively, plus the additional months between the date of the Organizational Meeting of the New Unified District (16 VSA § 706), when the initial school directors will begin their term of office, and the date of the New Unified District’s or Modified Union District’s annual meeting in the spring of 2018, as established under 16 VSA § 706. Thereafter, terms of office shall be three (3) years and shall begin and expire on the date of the New Unified District’s or Modified Union District’s Annual Meeting. The following table establish the dates of the initial terms of office for directors of the New Unified District or Modified Union District.

<b>INITIAL TERM</b>	<b>1-YEAR</b>	<b>2-YEAR</b>	<b>3-YEAR</b>
<b>NEXT ELECTION</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>BENNINGTON</b>	1	2	1
<b>NORTH BENNINGTON</b>	1	1	
<b>POWNAL</b>	1		1
<b>SHAFTSBURY</b>		1	1
<b>WOODFORD</b>			1
<b>TOTAL</b>	<b>3</b>	<b>4</b>	<b>4</b>

### Article 10: Vote to Form the Union School District

The articles to create the New Unified District will be submitted to the voters of each forming district identified in Article One on October 10, 2017. The vote will be by Australian ballot and ballots will not be commingled. The form of the article to be submitted to the voters shall be substantially as follows:

Shall the voters of the \_\_\_\_\_ School District vote to form the Mount Anthony Union School District (“New Unified District”) on the following terms:

1. The Bennington Independent School District shall all be identified as “necessary” for the formation of the New Unified District. The North Bennington Independent School District, the Pownal Town School District, the Shaftsbury Town School District, and the Woodford Town School District, and Union District #14 (Mount Anthony) are “advisable” for the formation of the New Unified District.

If the voters of the five (5) school districts that are currently members of Union District #14 (Mount Anthony) vote to approve the merger, the New Unified District will be established. If the voters of the Bennington Independent School District and at least two (2) other districts that are currently members of Union District #14 vote to approve the merger, a modified unified union school district will be established to be known as the Mount Anthony Union School District.

2. The New Unified District or the Modified Union District will operate schools in grades Pre-Kindergarten through grade twelve.

3. The New Unified District Board of Directors or the Modified Union District Board of Directors shall be composed of eleven (11) directors. Directors shall be nominated from the legal voters of each forming town and shall be elected on an at-large basis by Australian Ballot vote by the voters of the New Unified District or Modified Union District. Directors shall have equal votes and shall be allocated as follows.

DISTRICT	NUMBER OF REPRESENTATIVES
<b>BENNINGTON</b>	4
<b>NORTH BENNINGTON</b>	2
<b>POWNAI</b>	2
<b>SHAFTSBURY</b>	2
<b>WOODFORD</b>	1
<b>TOTAL</b>	11

If a Modified Union District is formed, any districts that are members of the Union District #14 that vote NO to the merger will be referred to as Non-Member Elementary Districts (NMED). Board representation in the Modified Union District will provided as in sub-section 3 above. Board members from each NMED will have voting powers for all general Modified Union District actions, but will recuse themselves from consideration and voting upon programmatic, budgetary, personnel, or building matters of the Modified Union District which correlate to grades governed by the NMED.

4. Real Estate and Personal Property
  - a. No later than June 30, 2019, the forming districts will convey to the New Unified School District or Modified Union District, for the sum of One Dollar, and subject to all encumbrances of record, all school-related real estate and personal property owned by them, including all school-related land, buildings, and contents.
  - b. Disposal of Real Estate. In the event that, and at such subsequent time as, the New Unified School District Board or Modified Union District Board of School Directors determines, in its discretion, that any of the real property, including land and buildings, conveyed to it by one or more of the forming districts is or are unnecessary to the continued operation of the New Unified School District or Modified Union District and its educational programs, the New Unified School District or Modified Union District shall convey such real property, for the sum of One Dollar, and subject to all encumbrances of record, the assumption or payment of all outstanding bonds and notes and the repayment of any school construction aid or grants as required by Vermont law, to the town in which it is located, except as provided below for any properties conveyed to the New Unified District by Union District #14.
  - c. In the event that, and at such subsequent time as, the New Unified District Board of School Directors determines, in its discretion, that any of the real property, including

land and buildings, conveyed to it by Union District #14 is or are unnecessary to the continued operation of the New Unified District and its educational programs, the New Unified District shall sell such real property, subject to all encumbrances of record, the assumption or payment of all outstanding bonds and notes and the repayment of any school construction aid or grants as required by Vermont law, upon such terms and conditions as established by the New Unified District Board of School Directors, and return the proceeds of any such sale to the forming towns in amounts equal to the relative proportion of the population of these towns.

- d. The conveyance of any school properties to a town shall be conditioned upon the town owning and utilizing the real property for community and public purposes for a minimum of five years. In the event a town elects to sell the real property prior to five years of ownership, the town shall compensate the New Unified District or Modified Union District for all capital improvements and renovations completed after the formation of the New Unified District or Modified Union District and prior to the sale to the town. In the event a town elects not to acquire ownership of such real property, the New Unified District or Modified Union District shall, pursuant to Vermont statutes, sell the property upon such terms and conditions as established by the New Unified District Board or Modified Union District Board of School Directors.

5. Transfer of Funds

- a. Capital Debt. The New Unified District or Modified Union District shall assume all capital debt of forming districts, including both principal and interest, as may exist at the close of business on June 30, 2019.
- b. Operating Fund Surpluses and Deficits. The New Unified District or Modified Union District shall assume any and all general operating surpluses and deficits of the forming districts that may exist at the close of business on June 30, 2019. In addition, reserve funds identified for specific purposes will be transferred to the New Unified District or Modified Union District and will be applied for said purpose unless otherwise determined through appropriate legal procedures.
- c. Specified Funds. The forming districts will transfer to the New Unified District or Modified Union District any pre-existing school district specific endowments or other restricted accounts that may exist on June 30, 2019. Scholarship funds or like accounts held by school districts prior to June 30, 2019, that have specified conditions of use will be used in accordance with said provisions.

6. The School Board of the New Unified District or Modified Union District shall not close or discontinue the use of any schools within its boundaries during the first five years the District fully operational and providing educational services. Thereafter, an affirmative vote to close a school shall require a 75% majority of the School Board in two consecutive votes with at least one year between votes. Prior to holding a vote on whether to close a school, the School Board



shall hold at least two public hearings regarding the proposed school closure. After conducting public hearings, if the School Board intends to vote on whether to close a school, it shall first give public notice of its intent to vote and opportunity for public comment. Such notice shall outline the rationale for closure and shall be legally warned at least ten days prior to the vote.

7. Australian Ballot. The New Unified District or Modified Union District voters shall vote on the budget and other public questions by Australian ballot with polling places provided in each member town. Ballots will be delivered to the New Unified District or Modified Union District Clerk and commingled for counting.
8. The provisions of the Merger Study Report and Articles of Agreement approved by the State Board of Education on \_\_\_\_\_, 2017, which is on file at the offices of the Southwest Supervisory Union office, shall govern the New Unified District or Modified Union District.

#### Article 11: Operating Date

Upon an affirmative vote of the electorates of each district and upon compliance with 16 VSA § 706g, the New Unified District Board or the Modified Union District Board shall have and exercise all of the authority which is necessary in order for it to prepare for full educational operations beginning on July 1, 2019. The New Unified District Board or Modified Union District Board shall, between the date of its organizational meeting under 16 VSA § 706j and June 30, 2019, undertake planning and related duties necessary to begin operation of the New Unified District or Modified Union District on July 1, 2019, including preparing for and negotiating contractual agreements, preparing and presenting the budget for fiscal year 2020, preparing for the first District Annual Meeting, and transacting any other lawful business that comes before the Board, provided, however, that the exercise of such authority by the New Unified District or Modified Union District shall not be construed to limit or alter the authority and/or responsibilities of the forming districts that will remain in existence during the transition period for the purpose of completing any business not given to the New Unified District or Modified Union District.

#### Article 12: Forming Districts Cease to Exist

On July 1, 2019, when the New Unified District or Modified Union District becomes fully operational and begins to provide educational services to students, the forming districts shall cease all educational operations and shall remain in existence for the sole purpose of completing any outstanding business not given to the New Unified District or Modified Union District under these articles and state law. Such business shall be completed as soon as practicable, but in no event any later than December 31, 2019 when the forming districts shall cease to exist.

#### Article 13: Elementary School Attendance and Grade Configurations

For the first five years the New Unified District or Modified Union District is fully operational and providing educational services, the assigned elementary school for a student shall be the elementary

school operated by the District in the town where the student is a resident on July 1, 2019 except when other mutually agreeable arrangements have been made between parents and the District. Elementary school grade configurations, such as maintaining a sixth grade, shall also remain unchanged during the first five years of District operations unless the School Board first obtains approval for such changes from the voters of town in which the school is located.

After July 1, 2024, the School Board may adjust school enrollment assignments and school building grade designations based on the needs of the District.

#### Article 14: Local Community Input

The New Unified District Board or the Modified Union District Board shall provide opportunity for local input on policy and budget development. Structures to support and encourage public participation within the New Unified District or Modified Union District, such as school committees, will be established by the New Unified District Board or Modified Union District Board on or before June 30, 2019.

## Appendices and Data

### Town Demographic Data

These data come from the most recent US Census information.

Table 10: Town Demographic Data

	BENNINGTON	NORTH BENNINGTON	POWNAI	SHAFTSBURY	WOODFORD
<b>TOTAL POPULATION</b>	15,764	1,643	3,527	3,590	424
<b>PERCENT OF POPULATION UNDER 5</b>	5.7%	3.2%	6.0%	4.6%	5.4%
<b>MEDIAN AGE</b>	40.8	22.8	43.3	46.4	47.1
<b>TOTAL HOUSEHOLDS</b>	6,246	464	1,429	1,508	180
<b>FAMILY HOUSEHOLDS</b>	3,716	263	990	1,045	117
<b>HIGH SCHOOL OR HIGHER</b>	88.6%	89.0%	85.9%	93.7%	86.4%
<b>MEDIAN FAMILY INCOME</b>	\$40,344	\$47,228	\$58,811	\$61,675	\$42,143
<b>INDIVIDUALS BELOW POVERTY LEVEL</b>	20.4%	16.9%	9.4%	14.0%	10.9%

### Enrollment by School and Grade Level, June 20, 2017

Table 11: Enrollment by School and Grade Level, June 20, 2017

	K	1	2	3	4	5	6
<b>BENNINGTON ELEMENTARY</b>	47	44	47	44	38	37	
<b>MOLLY STARK ELEMENTARY</b>	51	53	61	87	63	63	
<b>MONUMENT ELEMENTARY</b>	19	25	20	19	22	26	
<b>POWNAI ELEMENTARY</b>	37	24	40	33	30	36	48
<b>SHAFTSBURY ELEMENTARY</b>	35	36	30	32	33	30	41
<b>WOODFORD HOLLOW ELEMENTARY</b>	1	4	3	3	4	0	2
<b>MAU MIDDLE SCHOOL</b>							144
		<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
<b>MAU MIDDLE SCHOOL</b>		211	181				
<b>MAU HIGH SCHOOL</b>				236	242	193	198

## Equalized Pupils by District, FY2013 – FY2018

Table 12: Equalized Pupils by District, FY2013 – FY2018

	FY18	FY17	FY16	FY15	FY14	FY13	% CHANGE
<b>BENNINGTON</b>	894.70	902.52	852.15	852.78	844.44	840.66	6%
<b>MAU</b>	1683.96	1,747.20	1,758.89	1,750.59	1,771.05	1,818.67	-8%
<b>NORTH BENNINGTON</b>	139.68	131.21	124.01	124.44	122.76	126.62	9%
<b>POWNAL</b>	253.38	263.31	255.92	263.27	268.61	265.70	-5%
<b>SHAFTSBURY</b>	247.90	255.01	244.61	240.67	226.89	206.96	17%
<b>WOODFORD</b>	23.85	25.16	21.89	22.19	25.83	26.68	-12%

## Pre-CLA Residential Education Property Tax Rates, FY2013 – FY2018

Table 13: Pre-CLA Residential Education Property Tax Rates, FY2013 - FY2018

	FY18	FY17	FY16	FY15	FY14	FY13	% CHANGE
<b>BENNINGTON</b>	\$1.3603	\$1.3634	\$1.3623	\$1.2607	\$1.2108	\$1.0873	20%
<b>MAU</b>	\$1.4267	\$1.4074	\$1.4157	\$1.4052	\$1.3453	\$1.2596	12%
<b>NORTH BENNINGTON</b>	\$1.6824	\$1.7247	\$1.7899	\$1.6568	\$1.5410	\$1.4298	15%
<b>POWNAL</b>	\$1.5466	\$1.5008	\$1.5369	\$1.4803	\$1.3864	\$1.2181	21%
<b>SHAFTSBURY</b>	\$1.3947	\$1.2884	\$1.2836	\$1.2262	\$1.2192	\$1.1730	16%
<b>WOODFORD</b>	\$1.1213	\$1.0000	\$0.9900	\$1.0781	\$1.0360	\$0.9324	17%

## Small Schools Grant Revenue, FY2014 – FY2018

Table 14: Small Schools Grant Revenue, FY2014 – FY2018

	FY18	FY17	FY16	FY15	FY14
<b>BENNINGTON</b>	\$0	\$0	\$0	\$0	\$0
<b>MAU</b>	\$0	\$0	\$0	\$0	\$0
<b>NORTH BENNINGTON</b>	\$0	\$0	\$0	\$0	\$0
<b>POWNAL</b>	\$0	\$0	\$0	\$0	\$0
<b>SHAFTSBURY</b>	\$0	\$0	\$0	\$0	\$0
<b>WOODFORD</b>	\$38,250	\$39,903	\$38,750	\$44,712	\$40,840