

AGENCY OF EDUCATION  
Barre, Vermont

**TEAM:** School Governance Team

**ACTION ITEM:** Will the State Board of Education find that the proposed formation of a new unified union school district by all current member districts of the **ADDISON NORTHWEST SUPERVISORY UNION (ANWSU)** is “in the best interests of the State, the students, and the school districts,” and will the State Board therefore vote to approve the attached report of the ANWSU Study Committee?

**SECRETARY’S RECOMMENDED ACTION:**

**That the State Board of Education finds that the proposed formation of a new unified union school district by the member districts of the Addison Northwest Supervisory Union is “in the best interests of the State, the students, and the school districts” pursuant to 16 V.S.A. § 706c(b); and**

**That the State Board votes to approve the attached report of the ANWSU Study Committee.**

**STATUTORY AUTHORITY:** 16 V.S.A. § 706c; Act 46 of 2015

**BACKGROUND INFORMATION:** The ANWSU Study Committee recommends creation of a unified union school district that will be its own supervisory district pursuant to the Accelerated Merger process and timeline created by Act 46, Sec. 6 (2015).

The ANWSU consists of the Towns of Addison, Ferrisburgh, Panton, and Waltham and the City of Vergennes. There are four active school districts within the SU, each governed by its own board. Each of these districts operates one school, two of which are union schools. The combined average daily membership of all districts within the ANWSU in FY2015 was 1,018.

The ANWSU has a long history of collaborating to provide for the education of its students. The Vergennes Union High School District was created in 1959 and provides grade 7-12 education to students in all towns within the ANWSU. Panton, Waltham, and Vergennes formed the Vergennes Union Elementary School in 1988 for the elementary students residing in those towns. In addition, a variety of services and supports have been consolidated within the supervisory union including the substitute teacher contract and some aspects of food service administration. In both 2005 and 2011 the districts considered creation of a unified union school district.

The new unified union school district (New Unified District), to be known as the Addison Northwest School District, would provide for the education of all resident PK-12 students by operating one or more schools for each grade. If approved, the proposal would unify all existing school districts and their supervisory union into a single supervisory district responsible for operating three elementary schools and one secondary school. It would replace the five current governing bodies with one unified union board. All districts within the supervisory union are identified as “necessary” districts pursuant to 16 V.S.A. § 706b(b)(1).

The New Unified District would be governed by a 12 member school board that would include at least one member from each town. The initial members would be nominated by and from the electorate of the individual towns, with the number to be nominated by a single town being closely proportional to the fraction the town population bears to the total population of the New Unified District as determined by the 2010 federal census. Election of board members would be by the electorate of the town to which the board seat was apportioned. The Articles include a requirement for recalculation of board membership following the release of each decennial census.

A currently operating school building could be closed during the first four years of the New Unified District’s existence only if approved by a majority of the electorate of the municipality in which the building is located. On July 1, 2021 and after, a school building could be closed if approved by at least 7 of the 12 board members after holding public hearings, including at least one hearing in the town in which the building is located. If real property acquired by the New Union District is no longer used for public education purposes, the following shall occur:

- The Town of Addison shall have the right of first refusal to purchase for \$1.00 any real property conveyed to the New Union District by the Addison Town School District.
- The Town of Ferrisburgh shall have the right of first refusal to purchase for \$1.00 any real property conveyed to the New Union District by the Ferrisburgh Town School District.
- The Towns of Panton and Waltham and the City of Vergennes shall have the right to assume ownership of any real property conveyed to the New Union District by the Vergennes Union Elementary School District, provided that ownership shall be acquired pursuant to the terms of an agreement dated June 20, 1989 and attached to the ANWSU Study Committee report as Appendix C.

In each of the situations listed above, the conveyance would be made only if the municipality or municipalities agreed to use the property for public and community purposes for a minimum of five years. The proposal includes provisions addressing use by the municipality for fewer than five years.

The proposal addresses additional items, including:

- Existing contracts, collective bargaining, and the transfer of employees would occur pursuant to the provisions of 16 V.S.A. ch. 53, subch. 3.
- The New Unified District would acquire the property and assume the indebtedness of the merging districts.
- There would be the possibility for students to enroll in elementary schools not located in the town of their residence and potentially for the creation of what the proposal calls “theme” schools.

The electorate of each potentially merging district will vote on March 1, 2016 whether to approve creation of the New Unified District. If the voters in each of the districts vote in favor of the proposal, then the New Unified District will begin operation on July 1, 2017. No new district is formed if any existing district fails to vote in favor of the proposal.

**POLICY IMPLICATIONS:** By enacting Act 46, the General Assembly declared the intention to move the State toward sustainable models of education governance designed to meet the goals set forth in Section 2 of the Act. It was primarily through the lens of those goals that the Secretary has considered whether the ANWSU Study Committee’s proposal is “in the best interests of the State, the students, and the school districts” pursuant to 16 V.S.A. § 706c.

The ANWSU Study Committee anticipates that a unified governance structure would enhance the ability to provide equitable access to technology through a team of integration specialists and technology support personnel, to address current inequities in class sizes and staffing, to support after-school and summer-enrichment opportunities throughout the new district, and to ensure that students have received similar preparation for middle school regardless of the elementary school they attend.

See the Study Committee’s Worksheet for an overview of other elements in the proposal that address the goals identified by Act 46, Section 2 and the potential for geographic isolation. In addition, a more detailed discussion of these elements appears on pages 7–11 of the ANWSU Study Committee’s report.

The ANWSU Study Committee’s proposal is aligned with the goals of the General Assembly as set forth in Act 46 of 2015 and with the policy underlying the union school district formation statutes as articulated in 16 V.S.A. § 701.

**COST IMPLICATIONS:** The ANWSU already has centralized services and operations for special education, transportation, and other functions. In addition, the supervisory union includes two union school districts. Therefore, large initial savings from consolidation of services and operations are not to be expected because many of these savings have already been realized. The ANWSU Study Committee was able to identify an additional \$40,000 – \$70,000 in potential annual cost reductions related to “management of one set of books, conducting one audit, administering one set of employee collective bargaining agreements, and managing and supporting one board

instead of five.” In addition, the Study Committee’s notes the “substantial value in shifting administrative focus to effective management and education quality.” The Study Committee’s report anticipates other potential cost reductions resulting from the formation of a unified union through, for example, sharing staff among schools, class size management, and centralized training of maintenance workers.

For more details, see the Study Committee’s Worksheet and pages 8–11 of the ANWSU Study Committee’s report.

See also Act 46, Sec. 6 (2015) for cost implications to the State.

**STAFF AVAILABLE:**

Donna Russo-Savage, Principal Assistant to the Secretary, School Governance

Brad James, Education Finance Manager

Gregory Glennon, General Counsel

Bill Talbott, Chief Financial Officer

**Study Committee Worksheet for All Phases of Voluntary Merger**

*Please submit this to the Agency with the Study Committee Report*

Current Supervisory Union or Unions (list each)	Potentially Merging Districts Pursuant to 16 V.S.A. § 706b(b)(1)-(2) (list each)	Is the District:	
		Necessary	Advisable
Addison Northwest Supervisory Union			
	Addison	X	
	Ferrisburgh	X	
	Panton	X	
	Vergennes	X	
	Waltham	X	
	Vergennes Union Elementary School	NA	
	Vergennes Union High School	NA	

<b>Type of Merger</b>	
<i><b>Please refer to the related eligibility worksheets to determine baseline eligibility for each merger type.</b></i>	(column reserved for agency use)
<input checked="" type="checkbox"/> <b>Accelerated Merger</b> (Act 46, Section 6)	
<b>A Regional Education District (RED) or one of its variations</b> (Act 153 (2010) and Act 156 (2012)) <input type="checkbox"/> <b>RED</b> (Act 153, Secs. 2-3, as amended by Act 156 , Sec. 1 and Act 46, Sec. 16) <input type="checkbox"/> <b>Side by Side Merger</b> (Act 156 , Sec. 15) Districts involved in the related merger: <input type="checkbox"/> <b>Layered Merger (Union Elementary School District)</b> (Act 156, Sec. 16) <input type="checkbox"/> <b>Modified Unified Union School District (MUUSD)</b> (Act 156, Sec. 17, as amended by Act 56 (2013), Sec. 3)	
<input type="checkbox"/> <b>Conventional Merger – merger into a preferred structure after deadline for an Accelerated Merger</b> (Act 46, Section 7)	

<b>Dates, ADM, and Name</b>	
<b>Date on which the proposal will be submitted to the voters of each district</b> (16 V.S.A. § 706b(b)(11)):	<b>3/1/16</b>
<b>Date on which the new district, if approved, will begin operating</b> (16 V.S.A. § 706b(b)(12)):	<b>7/1/17</b>
<b>Combined ADM of all “necessary” districts in the current fiscal year:</b>	<b>1018</b>
<b>Proposed name of new district:</b>	<b>Addison Northwest School District</b>

Please complete the following tables with **brief, specific** statements of how the proposed union school district will comply with the each of the listed items. Bulleted statements are acceptable.

<b>The Proposed School District is in the Best Interest of the State - as required by 16 V.S.A. § 706c</b>		
<p><u>Goal #1:</u> The proposed union school district will provide substantial equity in the quality and variety of educational opportunities.</p> <p><i>Act 46, Sec. 2(1)</i></p>	<ul style="list-style-type: none"> <li>• One board assuring that all students receive similar preparation for high school.</li> <li>• Greater ability to provide broader educational experiences, particularly in areas such as foreign languages, library media services, physical education, and the arts.</li> <li>• Greater equity in access to technology.</li> <li>• Ability to consider specialized programs using the expertise of particular staff and the strengths of particular schools.</li> </ul> <p><b>Explained on page 7 of report.</b></p>	
<p><u>Goal #2:</u> The proposed union school district will lead students to achieve or exceed the State’s Education Quality Standards, adopted as rules by the State Board of Education at the direction of the General Assembly.</p> <p><i>Act 46, Sec. 2(2)</i></p>	<ul style="list-style-type: none"> <li>• Above opportunities allow ability to focus on State’s EQS at all levels.</li> </ul> <p><b>Explained on page 7 of report.</b></p>	
<p><u>Goal #3:</u> The proposed union school district will 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-</p>	<ul style="list-style-type: none"> <li>• Modest immediate administrative savings--\$40,000-\$70,000, driven largely by bulk purchases, fewer audits, and less staff time administering multiple collective bargaining agreements and managing multiple budgets.</li> <li>• Creating the ability to manage staff resources more flexibly to assure quality education is achieved and maintained in the most efficient manner possible.</li> </ul>	

<p>time equivalent staff.</p> <p><i>Act 46, Sec. 2(3)</i></p>	<p><b>Explained on pages 8-11 of report.</b></p>	
<p><u>Goal #4:</u> The proposed union school district will promote transparency and accountability.</p> <p><i>Act 46, Sec. 2(4)</i></p>	<ul style="list-style-type: none"> <li>• Clearer accountability for the superintendent. One board establishes priorities and monitors performance.</li> <li>• Greater transparency for the electorate. Currently, the supervisory union budget is not voted on directly by voters. A unified district will have one budget that will include all costs.</li> </ul> <p><b>Explained on page 11 of report.</b></p>	
<p><u>Goal #5:</u> The proposed union school district will deliver education at a cost that parents, voters, and taxpayers value.</p> <p><i>Act 46, Sec. 2(5)</i></p>	<ul style="list-style-type: none"> <li>• Five years of tax incentives for all homestead taxpayers in all five towns, beginning in the summer of 2017 (FY2018).</li> <li>• Ability to keep current funding mechanisms that will otherwise disappear under Act 46—the small schools grant and the “ADM hold-harmless” provision which has protected the district from sudden and substantial reductions in student count.</li> <li>• Eligibility for a \$150,000 grant to assist with transitional costs.</li> </ul> <p><b>Explained on pages 8-11 of report.</b></p>	
<p><u>Regional Effects:</u></p> <p>What would be the regional effects of the proposed union school district, including: would the proposed union school district leave one or more other districts geographically isolated?</p> <p><i>Act 46, Section 8(a)(2)</i></p>	<p><b>There will be no adverse impact of this new district on any other school district or supervisory union.</b></p>	



**Articles of Agreement – as required by 16 V.S.A. § 706b(b)(3) - (10)**

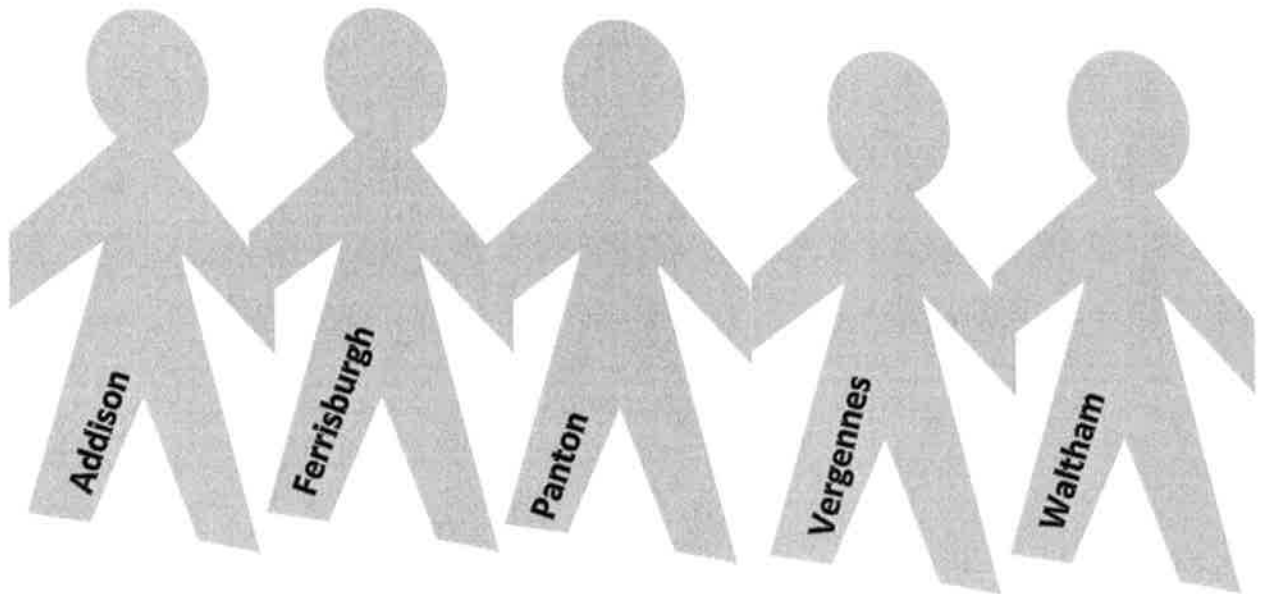
<p>(3) The grades to be operated by the proposed union school district</p> <p>The grades, if any, for which the proposed union school district shall pay tuition</p>	<p><b>The new district will operate grades PreK-12 for all students.</b></p>	
<p>(4) The cost and general location of any proposed new schools to be constructed</p> <p>The cost and general description of any proposed renovations</p>	<p><b>No new construction or renovations are proposed as part of this governance change.</b></p>	
<p>(5) A plan for the first year of the proposed union school district's operation for:</p> <p>(A) the transportation of students (B) the assignment of staff (C) curriculum</p> <p>The plan must be consistent with existing contracts, collective bargaining agreements, and other provisions of law, including 16 V.S.A. chapter 53, subchapter 3 (transition of employees)</p>	<p><b>Explained on page 14 of the report.</b></p>	
<p>(6) The indebtedness of the proposed merging districts that the proposed union school district shall assume.</p>	<p><b>See pages 14-15 of the report, as well as page 21 of Appendix A.</b></p>	
<p>(7) The specific pieces of real property owned by the proposed merging</p>	<p><b>Described on page 12 of the report.</b></p>	

<p>districts that the proposed union school district shall acquire, including:</p> <ul style="list-style-type: none"> <li>* their valuation</li> <li>* how the proposed union school district shall pay for them</li> </ul>		
<p>(8) The allocation of capital and operating expenses of the proposed union school district among the proposed member</p>	<p><b>Repealed</b></p>	
<p>(9) Consistent with the proportional representation requirements of the Equal Protection Clause, the method of apportioning the representation that each proposed member town shall have on the proposed union school board</p> <ul style="list-style-type: none"> <li>* no more than 18 members total</li> <li>* each member town is entitled to at least one representative</li> <li>* <i>see also</i> 16 V.S.A. § 706k(c): one or more at-large directors</li> <li>* <i>see also</i> 16 V.S.A. § 707(c): weighted voting</li> </ul>	<p><b>Described on pages 15-16 of the report. A graph showing the basis for the representation plan is found on page 19 of Appendix A.</b></p>	
<p>(10) The term of office of directors initially elected, to be arranged so that one-third expire on the day of each annual meeting of the proposed union school district, beginning on the second annual meeting, or as near to that proportion as possible</p>	<p><b>Described on pages 16-17 of the report.</b></p>	
<p>Any other matters that the study committee considers pertinent,</p>	<p><b>Other matters are covered on page 17.</b></p>	

including whether votes on the union school district budget or public questions shall be by Australian ballot  <i>(please list each matter separately)</i>		
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ADDISON NORTHWEST SUPERVISORY UNION

# Act 46 Study Committee Unified Union School District Report



DECEMBER 30, 2015

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# **ADDISON NORTHWEST SUPERVISORY UNION**



**11 Main Street, Suite B100**

**Vergennes, VT 05491**

December 30, 2015

Dear Chairman Morse and Members of the State Board of Education,

On behalf of the entire Addison Northwest Supervisory Union Act 46 Study Committee, I am pleased to present to you this report relative to the creation of a unified union school district. We were created to “analyze the advisability of forming a union school district under Act 46.” We have worked diligently during the fall to review the purposes of Act 46 and the opportunities that it presents for our students and our communities. We have met as a committee many times and have held three community forums in various towns in our region and have come to the unanimous conclusion that unification of our districts into a single school district is advantageous to our students, our taxpayers, and our communities.

All of the forming district boards have reviewed and commented on the work of the committee to-date as of December 16, 2015, and all have expressed strong support for the report and the articles. We believe that we can come together in a way that fully addresses the goals of Act 46.

We are hopeful that you will act on this request on January 19, 2016.

We are asking for your approval of our report and its “articles” so that we can warn a vote in each of our towns for Town Meeting Day, March 1, 2016.

If there are any questions for us in advance, please let us know. We look forward to discussing this document with the board.

Sincerely yours,

Chris Kayhart, Chair  
Act 46 Study Committee

# **ADDISON NORTHWEST SUPERVISORY UNION ACT 46 STUDY COMMITTEE**

## **Unified Union School District Report**

### **BACKGROUND**

For the past 15 years, Vermont, as a state, has experienced several significant trends related to education and education finance. First, the student population has fallen 20% over that time. Second, the number of staff has remained approximately the same. Consequently, the cost-per-student has risen rapidly to be at or near the highest in the country. Per-student cost is a driver of homestead education property tax rates, resulting in voter concerns and efforts by local school boards to reduce costs. In this environment, programs in many of our smaller schools have been pared back, leading to disparity in educational opportunity. In response to these trends, the 2015 Legislature passed Act 46. Although the specific circumstances in each of our communities vary, the general trends have impacted the region covered by the Addison Northwest Supervisory Union.

Act 46 of 2015 became law in June, 2015. It calls for all school districts in the state to come together to create “preferred structures” in the interest of achieving the following goals:

Provide substantial equity in the quality and variety of educational opportunities.

Lead students to achieve or exceed the State’s Education Quality Standards.

Maximize operational efficiencies through increased flexibility to manage, share, and transfer resources, with the goal of increasing the district-level ratio of students to full-time equivalent staff.

Promote transparency and accountability.

Deliver education at a cost that parents, voters, and taxpayers value.

The assumption inherent in the bill is that issues of quality, inequity of student opportunity, and the ever-increasing cost-per-student can best be addressed over the long-run by the creation of somewhat larger school districts. The hope is that local regions will come together and figure out a viable pathway to achieve that objective. The bill includes strong incentives for supervisory unions to come together quickly into a single district. It also includes the eventuality that the State Board can, in November, 2018, order unification, if regions have not developed their own approach to unification.

## COMMITTEE MEMBERSHIP AND CHARGE

On August 17, 2015, all school districts within the Addison Northwest Supervisory Union voted to create a study committee “to analyze the advisability of forming a union school district under Act 46.” The number of votes for each town represented on the committee was determined through the number of equalized pupils: Addison (2 votes), Ferrisburgh (3 votes), and Vergennes Union Elementary District (5 votes). Each elementary district could designate up to two additional voting members, resulting in partial voting power in some instances. (Per 16 VSA § 701b(b), a union high school board is not represented on a study committee independently.) The following month, each board selected people to serve on the committee. Below is the membership that has served on the committee:

### Addison

George Lawrence\*  
 Eugene Stearns\*  
 Michele Kelly\* (alternate for Eugene)  
 Todd Garthaffner

### Ferrisburgh

George Gardner\*  
 Laurie Gutowski\*  
 Chris Kayhart\*  
 Kristina MacKulin  
 David Tatlock  
 Tracy Newton (non-voting)

### Vergennes Elementary School

Cheryl Brinkman\* (Vergennes)  
 Jason Fearon\* (Panton)  
 Steve Flint\* (Waltham)  
 Mel Hawley (Vergennes)  
 Barbara FitzPatrick (Vergennes)  
 Mimi Clark (non-voting) (Waltham)

\* Indicates current elected school board member

The Committee’s work has been supported by JoAn Canning, Superintendent; Glory Martin, Recording Secretary; Stephen Dale, Consultant; Ed Gomeau, Financial Consultant; and Chris Leopold, Legal Counsel.

## RECOMMENDATION

The committee has come to the conclusion that the creation of a unified union school district is in the best interests of the students and taxpayers of the region, and the long-term achievement and sustainability of high quality education in the region. The current structure of education in the ANWSU region and the history of unification efforts make our region ideally suited to come together



in a timely fashion in order to achieve the educational benefits of unification, to position the region to manage per-pupil cost as we face continued decreases in enrollment, and to allow our taxpayers to benefit from accelerated financial incentives available through Act 46. Early action will also protect the region from imposed action by the State Board. Unification can, and should, be achieved on our own terms.

## THE ANWSU CONTEXT

Addison Northwest Supervisory Union consists of the towns of Addison, Ferrisburgh, Panton, and Waltham, and the City of Vergennes. The region covers an area of 144 square miles and, in 2010, had a population of 7,897 residents.

The current ANWSU area consists of four school districts, each overseen by its own board: Addison, Ferrisburgh, and Vergennes Union Elementary districts each serve children PreK-grade 6. Vergennes Union High School serves students from the region in grades 7-12. Each district currently operates one school. Current enrollments are:

School	Enrollment- Fall, 2015
Addison Central Elementary School	71
Ferrisburgh Central Elementary School	173
Vergennes Union Elementary School (serving Vergennes, Panton, Waltham)	253
Vergennes Union High School	484
Total for Schools in ANWSU	981

The region has a long history of coming together to provide education in the interests of both students and taxpayers. Faced with demands for providing a modern high school education, this region created Vergennes Union High School in 1959. For the past 56 years, it has offered education to all students in grades 7-12 under the auspices of a single board which is committed to the education of every child. In addition, Panton, Waltham, and Vergennes came together in 1988 to create Vergennes Union Elementary School. Both union schools have been successful in providing high quality education. In 2005, and again in 2011, voters in the region considered creating a single unified union district for all grades across the entire supervisory union. In 2011, that proposal passed in all municipalities, only to be overturned in two municipalities on a revote. It is safe to say that the five towns of the ANWSU have long been connected in their delivery of quality education to all

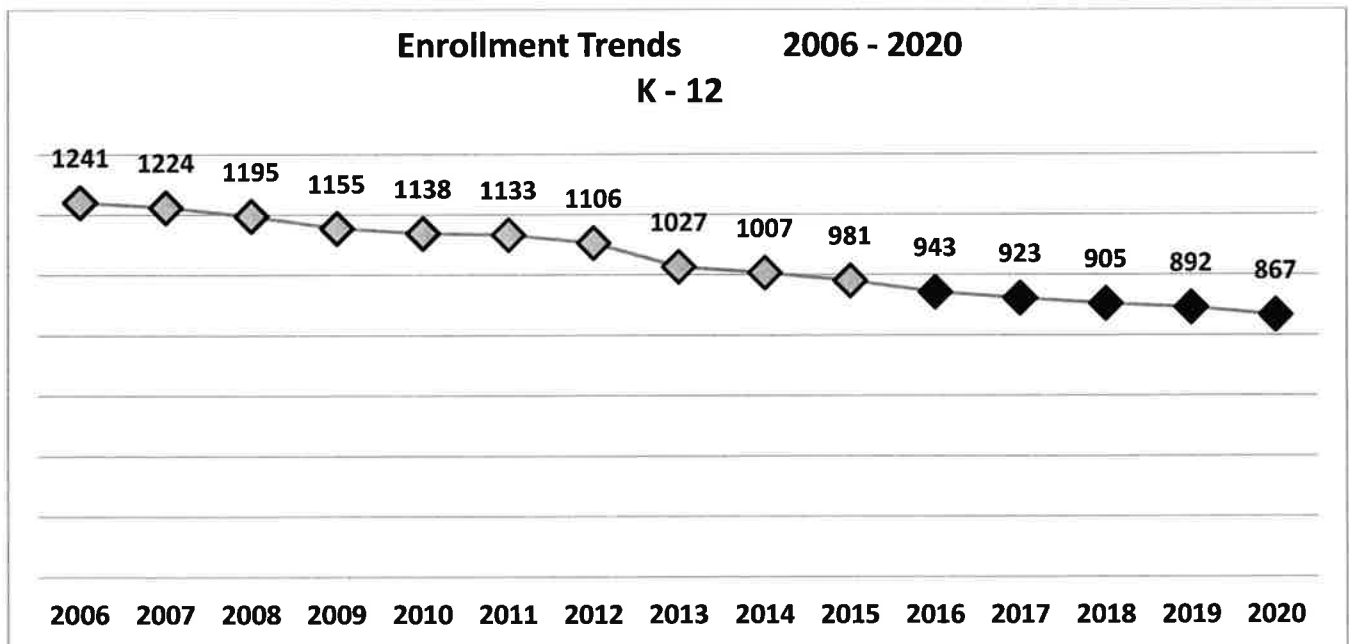
students. In recent years, a variety of services have been consolidated for delivery and management at the supervisory union level.

At the same time, each of the communities has its own identity and history, and current school buildings are highly valued. Any plan for further unification of educational operations must respect those community interests. Future plans for the unified district must include structures and processes to promote connections with each community.

**RECENT ANWSU ENROLLMENT TRENDS**

As is true of many other rural areas of Vermont, the population of the region has been aging in recent years, resulting in fewer students, increases in per-student cost, and attendant increased pressure on homestead property taxes.

The aggregate student population data and projections are shown below:



■ as of October 1<sup>st</sup> of each year

■ 2016-2020 are projected figures based on births

## VISION FOR A NEW DISTRICT

The study committee envisions a unified district that provides an excellent education to all students and assures equity regardless of the town of residence. Further, the committee aspires to create the basis for an operation that will assure the effective and efficient use of taxpayer resources and the achievement of excellent value for our broader community. We seek a school district which unifies municipalities while respecting the history and culture of each community and the value of schools to those communities.

Unification, itself, will not assure instant results. Rather, it will create a foundation upon which to achieve long-term outcomes. Unification will provide maximum financial benefits for our municipalities and avoid the imposition of a state-developed plan.

We believe that the creation of a unified union school district will allow our region to be responsive to the goals of Act 46 as follows:

### EQUITY AND QUALITY

**ACT 46 – “The legislation is designed to encourage and support local decisions and actions that:**

- ***Provide substantial equity in the quality and variety of educational opportunities***
- ***Lead students to achieve or exceed the State’s Education Quality Standards”***

It is anticipated the ANWSU will continue to see a decline in student enrollment over the next 5 years at about 2-2.5% per year. Because of this decline, it is critical that we be given an opportunity to be flexible in the use of our resources and to be efficient in our business operations. With one mission, vision and strategic plan for continuous improvement, we will be able to address the needs of all our schools in a well-coordinated and integrated fashion.

Having a larger district will create the opportunity to consider how best to achieve a number of education objectives. For example, we could set out to achieve a more robust middle school experience for all students across the new district. Or we could plan for a foreign language program for all students beginning in the elementary school years. Larger scale across more students and more facilities opens more opportunities.

Each of our communities has unique qualities that we value. We could build on those assets by creating theme schools that would attract students to attend another elementary school aligned with their interests or one that is in closer proximity to their homes. Unification provides the opportunity for a single board to expand choice options within the district.

Creating a single school district would also address the inequities in class size and staffing. For example, in one school we may see a class size of 10 at a particular grade and in another school that number is 22. Staff assignments are currently limited to place of hire. We need to have the flexibility to assign staff based on the talents and skills of staff as well as the needs of our students. The same benefits would also be realized by nonprofessional staff. For instance, we could assemble our custodians and maintenance workers as a team and provide training to use across all schools which in turn has the potential to save money.

In a unified school district, we will be able to receive grants that will support the students across all schools instead of one or a few (for example the 21<sup>st</sup> Century Schools grant). This will allow us to provide after-school and summer-enrichment opportunities to all students. Operating one school district would over time reduce or eliminate the inequities that exist across our elementary schools such as in offerings of the music program, library media services, and physical education and support services.

Technology will continue to play a significant role in learning as we prepare our students for a very different future. Employers, higher education and technical training centers are expecting students to be skilled in the use of technology and to use it to guide learning. The ANWSU schools have varying degrees of access to devices. Some schools provide one-to-one access to technology, and others have access to labs that need to be scheduled to use. We employ staff to support technology maintenance and staff that can assist teachers to integrate technology into their lessons. However, performance of these support functions is currently limited to the school where the person was hired. Unification could allow the ANWSU to assemble a team of integration specialists and technology support personnel who could provide services across all of our schools.

## **EFFICIENCY AND SUSTAINABILITY**

**Act 46 – “The legislation is designed to encourage and support local decisions and actions that:**

- **Maximize operational efficiencies through increased flexibility to manage, share, and transfer resources, with the goal of increasing the district-level ratio of students to full-time equivalent staff.**
- **Deliver education at a cost that parents, voters, and taxpayers value.”**

The cost of education on a per-student basis has been rising over the past 15 years. Vermont, as a whole, is among the top three highest per-student spenders nationwide. This has been driven primarily by declining enrollment and our challenge in reducing staffing levels to correspond with those decreases. Although there has been some variability among towns from year to year, the overall trend in the schools of the ANWSU has been a slow decline in

enrollment. In order to manage costs in this environment and to assure that quality and equity are addressed, boards need to have greater flexibility in managing available resources across a larger organization.

The financial analysis completed in conjunction with this report highlights the following:

- 1. Given the level of unification already in place, there are not large initial savings from district unification.***

Unlike a number of locations in Vermont, the ANWSU has been a leader in unifying operations. We have already consolidated many of the services and supports under the supervisory union structure including transportation, special education, service contracts such as insurance and copiers, as well as the substitute teacher contract and some aspects of food service administration—changes which have already resulted in financial benefits. The ANWSU already operates a union high school and one union elementary school.

There should be modest administrative savings in the range of \$40,000-\$70,000 related to managing one set of books, conducting one audit, administering one set of employee collective bargaining agreements, and managing and supporting one board instead of five.

Although immediate savings would be modest, there is substantial value in shifting administrative focus to effective management and education quality.

- 2. Over the long-run, unification will provide substantial financial and educational benefits and will improve overall fiscal sustainability.***

The greatest financial benefit over time will come from being able to manage staffing levels across the new district. Overall enrollment is expected to continue to decline, requiring flexibility and creativity to ensure students get an excellent education at a cost that local voters will support. A somewhat larger district will allow for better management of staff assignment, program locations, and optimal use and management of all facilities, resulting in a more sustainable operation. Should the district grow at some point in the future, unification would also facilitate the effective management of growth.

In a unified district, we would have one budget instead of five which would allow us to prioritize goals which can benefit all of our students. A single budget will allow the district to manage variable demands that come with an increase in special education students or other unforeseen upward pressures in particular locations.

Unification will allow a single board to manage resources more flexibly to optimize education programs for all students. As described above, it can better allow the creation of additional programs where needed, better assure that classes have a sufficient number of students to allow them to be maintained, and better address equality in education opportunity.

**3. *Homestead tax rates will be more favorable for taxpayers over the long-run if all towns vote to support unification.***

It is clear from the wording of Act 46 and the accompanying legislative debate that the legislature expects supervisory unions that are organized around a union high school district to come together as unified districts. It is the judgement of this committee that realistically speaking, there are two possible outcomes of Act 46 implementation. Either we will move forward with unification on our own terms effective July 1, 2017, or the state will order the creation of a unified district effective July 1, 2019. Below is the analysis of those two scenarios:

***Scenario 1 Voluntary Unification with Maximum Incentives***

The first scenario is that the five towns vote prior to July 1, 2016 to form a unified district effective July 1, 2017. This would allow our homestead taxpayers maximum benefits under Act 46. These include five years of tax incentives for homestead taxpayers (10 cents beginning in the summer of 2017 for FY2018, 8 cents for FY2019, 6 cents for FY2020, 4 cents for FY2021, and 2 cents for FY2022). They also include the ability to keep within the new entity any small schools grants and any ADM "hold harmless" students. The latter protects against a dramatic rise in cost per pupil in the face of declining enrollment, a significant factor in determining local homestead tax rates.

***Scenario 2 State Mandated Unification with No Incentives***

Should our towns decide not to pursue unification on our own terms, it is likely that the State Board will order such a merger to be effective on July 1, 2019. If that should occur, we will receive none of the benefits outlined above and the impact on all towns will be substantial.

The seven-year homestead tax impact of these two scenarios has been modeled with the help of a program offered by the Vermont Superintendents Association, the Vermont School Boards Association, and the Vermont School Boards Insurance Trust. The full analysis is included as Appendix B of this report. The chart is not designed to predict precisely what future homestead tax rates will be. Rather, it includes several fixed variables (which may or may not prove out in reality) and demonstrates the expected difference in tax impact of the two scenarios.

The model demonstrates that homestead taxpayers in all towns will benefit from self-determined unification. Addison and Ferrisburgh are projected to experience measurable homestead tax benefits in the first year of a new unified district. Homestead taxes in the three towns of the current Vergennes Union Elementary District would be impacted only modestly in the first two years. However, by FY2020, the voluntary unification will produce

measurably better homestead tax rates for all towns than would be the case in the state-mandated scenario.

## **TRANSPARENCY AND ACCOUNTABILITY**

**Act 46 – “The legislation is designed to encourage and support local decisions and actions that:**

- **Promote transparency and accountability.”**

Act 46 identifies as a major goal improved transparency and accountability in the operation of our education system statewide. Transparency is promoted when citizens have the information they need in an understandable format. Accountability is enhanced when there are clear expectations, clear lines of authority, and attention to performance.

Supervisory unions in Vermont are not designed for accountability. In a supervisory union, multiple school boards make a range of decisions related to particular students at particular points in their academic careers, making no one accountable for ultimate results. Budget authority rests with multiple bodies resulting in significant variation in priorities and per-student cost, and missed opportunities for efficiency. We believe that a unified district in our region will produce much greater accountability in a number of ways.

One board becomes responsible for assuring an excellent education for every child in the unified district and to achieve that goal with great efficiency. No longer will it be acceptable for students from various elementary schools to arrive at middle school with different levels of preparation.

The board will establish clear expectations and priorities for the superintendent who is the board’s chief executive officer. No longer is the superintendent beholden to five different boards with potentially conflicting priorities. The superintendent is responsible for the effective and efficient delivery of the educational system on behalf of the board and for supervising building principals.

One integrated budget will take the place of five separate budgets. Currently, the supervisory union budget, growing in scope through the centralization of special education and transportation, is not voted on by the electorate. This will change in a new district as all costs become part of a single budget, approved by all voters. One audit replaces five separate audits.

We look forward to substantial improvements in both accountability and in transparency.

## **ARTICLES OF AGREEMENT**

The Addison Northwest Supervisory Union Act 46 Study Committee recommends that the following Articles of Agreement be presented to the electorate of each of the named school districts in order to create a unified union district to be named the Addison Northwest School District, hereinafter referred to as the “Unified District”.

### **Article 1 Necessary Districts**

The School Districts of Addison, Ferrisburgh, Panton, Waltham, Vergennes, Vergennes Union Elementary, and Vergennes Union High School are necessary for the establishment of the Addison Northwest School District. The above-referenced school districts are hereinafter referred to as the “forming districts”.

### **Article 2 Grades to be Operated**

The Unified District will offer education to students in Pre-K through grade twelve. The Unified District is committed to providing its students with an equal educational opportunity.

### **Article 3 New School Facilities**

No new school buildings or renovations are necessary or proposed for the formation of the Unified District. Commencing July 1, 2017, the Board of School Directors of the Unified District will operate and maintain existing school facilities in Addison, Ferrisburgh, and Vergennes and will seek to assure access to high-quality facilities for all students.

### **Article 4 Existing School Facilities and Real Property**

No later than June 30, 2017, the forming districts will convey to the Unified District all of their school-related real and personal property, for One Dollar, and the Unified District will assume all capital debt associated therewith. The Unified District recognizes the long-term financial investments and community relationships that each city and town has with its school building(s).

Act 46 of 2015, Section 3, states “It is not the State’s intent to close its small schools, but rather to ensure that those schools have the opportunity to enjoy the expanded educational opportunities and economies of scale that are available to schools within larger, more flexible governance models.” In that spirit, the Board of School Directors of the Unified District will use the four facilities for the effective and efficient delivery of educational programs.



The four current school buildings will continue to function as education facilities and/or elementary, middle/high schools for at least the first four years of the new district (through June 30, 2021), unless a majority vote of the electorate of the municipality agrees with a plan to close a school facility within its border. Thereafter, a majority vote of the membership of the Board of School Directors (e.g. 7 of the 12 board members) shall be required to approve the closure of a school. Prior to holding a vote on whether to close a school, the board shall hold at least three (3) public informational meetings regarding the proposed school closure. At least one (1) of the public informational meetings shall be held in the municipality in which the school is located. If after conducting public informational meetings, the Board of Directors intends to vote on whether to close a school, at least ten days prior to the vote, it shall give public notice of its intent to hold a vote on whether to close a school, stating the reason for the closure.

In the event that, and at such subsequent time as, the Unified District determines that any of the real property acquired from Addison or Ferrisburgh, including land and buildings, conveyed to it by the forming districts, is or are unnecessary to the continued operation of the Unified District and its educational programs, the Unified District shall notify the Town of its intent to convey such real property, for the sum of One Dollar, to the Town in which the school is located. The conveyance of any such real property shall be subject to all encumbrances of record, the assumption of a payment of all outstanding bonds and notes and the repayment of any school construction and/or grants as required by Vermont law. In the event the Town elects not to acquire ownership of such real property, the Unified District shall, pursuant to Vermont statutes, sell the property upon such terms and conditions as established by the Board of the Unified District.

In the event property acquired by the Unified District from Vergennes Union Elementary School District No.44 is abandoned, or no longer used for public education purposes, or if the Unified District is dissolved, such property shall be conveyed to the City of Vergennes, the Town of Panton and the Town of Waltham in conformance with the terms of the Agreement dated June 20, 1989, by and between Vergennes Union Elementary School District No. 44, Vergennes Graded School District, Waltham Town School District and Panton Town School District, which Agreement is incorporated by reference into these Articles and is attached hereto as Appendix C. In the event Vergennes, Waltham, and Panton elect not to acquire ownership of such real property, the Unified District shall, pursuant to Vermont statutes, sell the property upon such terms and conditions as established by the board of the Unified District.

The conveyance of any of the above school properties shall be conditioned upon the Town/City owning and utilizing the real property for community and public purposes for a minimum of five years. In the event a Town/City elects to sell the real property prior to five years of ownership, the Town/City shall compensate the Unified District for all capital improvements and renovations completed after the formation of the Unified District and before the sale to the Town/City.

In the event that, and at such subsequent time as, the Unified District determines that any of the real property, including land and buildings, conveyed to it by the Vergennes Union High School District is

or are unnecessary to the continued operation of the Unified District and its educational programs, the Union District shall, pursuant to Vermont statutes, sell the property upon such terms and conditions as established by the board of the Unified District.

The sale of any school properties by the Unified District shall be consistent with any applicable provisions of state law.

## **Article 5 First Year of Operation**

- 5 (a) In the first year that the Unified District is fully operational and providing educational services, students will attend the elementary school according to town/district of residence; provided however, with parent consent, the Board of School Directors may adjust student enrollment based on individual student circumstances, and the Superintendent's determination of capacity to serve the child.
- 5 (b) The Unified District 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 Unified 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, 2017, the board of the Unified District will comply with the pre-existing master agreements pursuant to 16 VSA Chapter 53, subchapter 3. The Board of School Directors shall honor all individual employment contracts that are in place for the forming school districts on June 30, 2017 until their respective termination dates.
- 5 (c) The Unified District will provide for the transportation of students, assignment of staff, and curriculum that is consistent with the contracts, collective bargaining agreements, and provisions of law that are in existence during the first year of the new Unified District's operation.
- 5 (d) The Board of School Directors of the Unified 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 Surpluses and Debts, Special Funds**

- 6 (a) The Unified District will assume all capital debt of the forming districts including both principal and interest, as may exist at the close of business on June 30, 2017.

- 6 (b) The Unified District shall assume any and all general operating surpluses and deficits of the Addison Northwest Supervisory Union and the forming districts that may exist as of the close of business on June 30, 2017. In addition, reserve funds identified for specific purposes will be transferred to the Unified District and will be used for said purpose unless otherwise determined through appropriate legal procedures.
- 6 (c) The Addison Northwest Supervisory Union and the forming districts will transfer to the Unified District any pre-existing school district specific endowments or other restricted accounts that may exist on June 30, 2017. Scholarship funds or like accounts held by school districts or the Supervisory Union prior to June 30, 2017 that have specified conditions of use will be used in accordance with said provisions.

## **Article 7 Board Composition**

A forming district's representation on the Unified district Board of School Directors will be closely proportional to the fraction that its population bears to the aggregate population of all forming districts in the Unified District. The Initial Unified District Board of School Directors composition is based upon the 2010 Federal Census, and shall be recalculated by the Board of School Directors promptly following the release of each subsequent decennial census. Each forming school district shall have at least one representative on the board. Subject to the previous sentence, each proportionality calculation shall be rounded to the nearest whole number.

The initial membership of the Unified Board of School Directors will be as follows:

<b>Town/District</b>	<b>Board Members</b>
Addison	2
Ferrisburgh	4
Panton	1
Vergennes	4
Waltham	1
<b>TOTAL</b>	<b>12</b>

## **Article 8 Terms of Office of School Directors**

The Unified District Board of School Directors will be elected for three- year terms, except those initially elected at the time of the formation of the Unified District. In the initial election, board member terms of office will be as follows:

Town/District	2-Year Term	3-Year Term	4-Year Term
Addison	1		1
Ferrisburgh	2	1	1
Panton			1
Vergennes	1	2	1
Waltham		1	

Pursuant to the provisions of 16 VSA § 706j(b), elected school directors shall be sworn in and assume the duties of their office. The term of office for School Directors elected at the March 1, 2016 election shall be two, three, or four years, respectively. Thereafter, terms of office shall begin and expire on the date of the Unified District's annual meeting, beginning with the members serving two years whose terms of office will expire at the annual meeting in 2018.

### **Article 9 Date of Voter Action**

The proposal to form a Unified District will be presented to the voters of each forming district on Town Meeting Day, March 1, 2016. The candidates for the new Unified District Board of School Directors will be elected by Australian ballot on March 1, 2016, as required by law. Nominations for the office of School Director representing any district/town shall be made by filing with the clerk of that school district/town a statement of nomination as specified in law.

### **Article 10 Unified District Board of School Directors Transition Role**

Upon an affirmative vote of the electorates of the school districts, and upon compliance with 16 V.S.A. § 706g, the Unified District Board of School Directors shall have and exercise all of the authority which is necessary in order for it to prepare for full operation beginning on July 1, 2017. The Unified District Board of School Directors shall, between the date of the affirmative votes and June 30, 2017, develop school district policies, adopt curriculum, educational programs, assessment measures and reporting procedures in order to fulfill the State's Education Quality Standards (State Board Rule 2000), prepare for contractual agreements, set the school calendar for Fiscal Year 2018, prepare and present a budget for Fiscal Year 2018, prepare for the 2017 Unified District Annual Meeting, and transact any other lawful business that comes before the Unified District Board of School Directors, provided, however, that the exercise of such authority by the Unified District Board of School Directors shall not be construed to limit or alter the authority and/or responsibilities of the school districts of Addison, Ferrisburgh, Vergennes Union Elementary School, or Vergennes Union High School. The new Unified District will begin operating schools and providing educational services on July 1, 2017.

**Article 11 Annual Budget and Public Questions**

The Unified District Board of School Directors shall propose annual budgets in accordance with 16 VSA Chapter 11. The vote on the annual budget and public questions shall be conducted by Australian ballot pursuant to 17 VSA Chapter 5513(b).

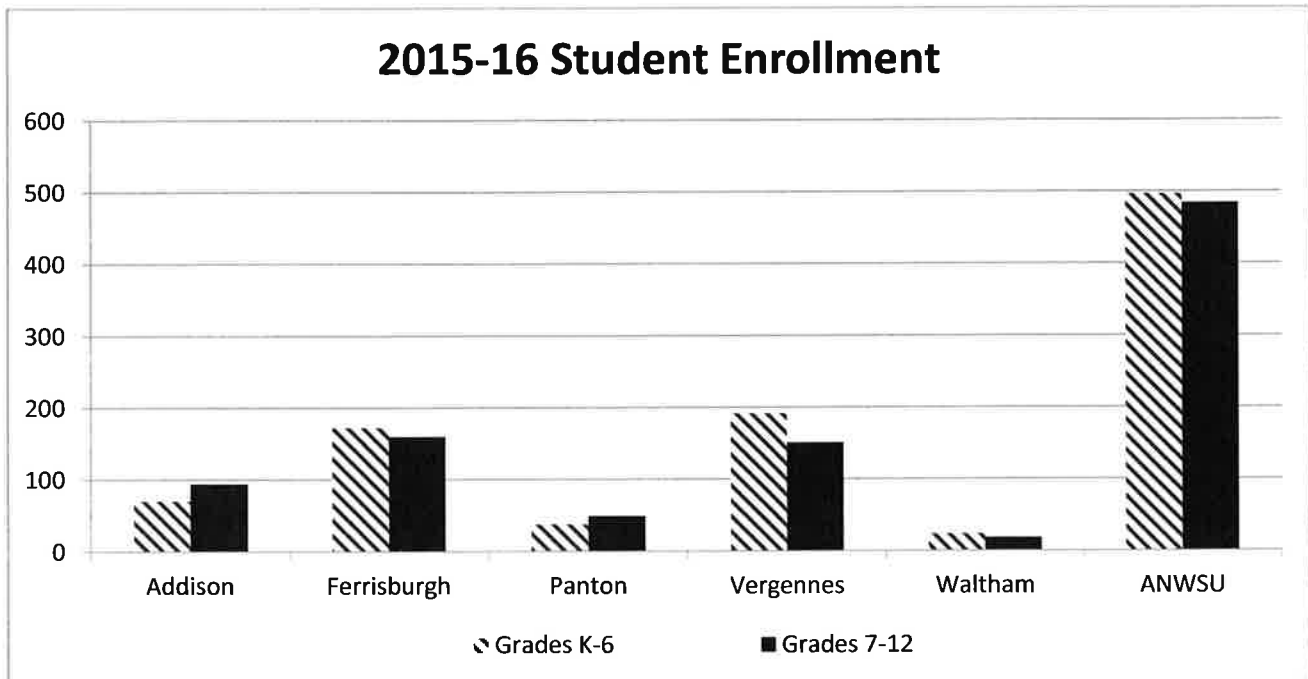
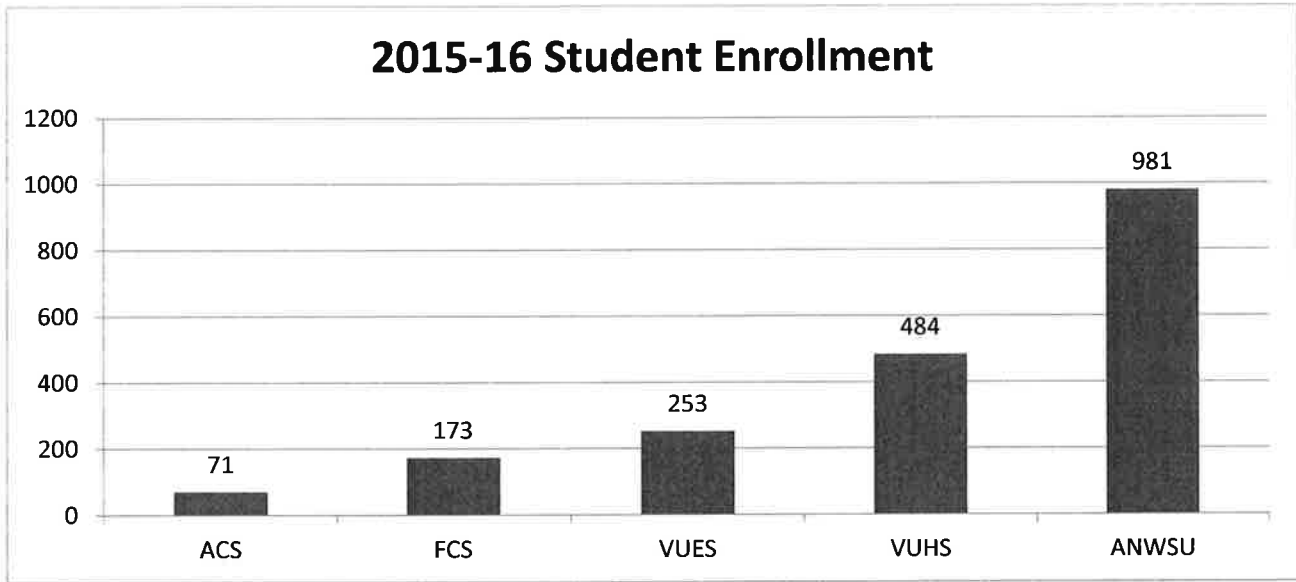
**Article 12 Forming Districts Cease to Exist**

On July 1, 2017, when the Unified District becomes fully operational and begins to provide educational services to students, the school districts of Addison, Ferrisburgh, Vergennes Union Elementary School, and Vergennes Union High School shall cease all educational operations and shall remain in existence for the sole purpose of completing any outstanding business not given to the Unified 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, 2017. The Addison Northwest Supervisory Union shall cease all operations within a reasonable time frame of the completion of all outstanding business of its member school districts, but in no event any later than January 31, 2018.

**Article 13 Community Relationships and Public Participation**

Community connections to local schools are highly valued. The Unified District Board of School Directors shall provide opportunities for local input on policy and budget development. In addition, the Board may establish structures to support and encourage public participation within the Unified District.

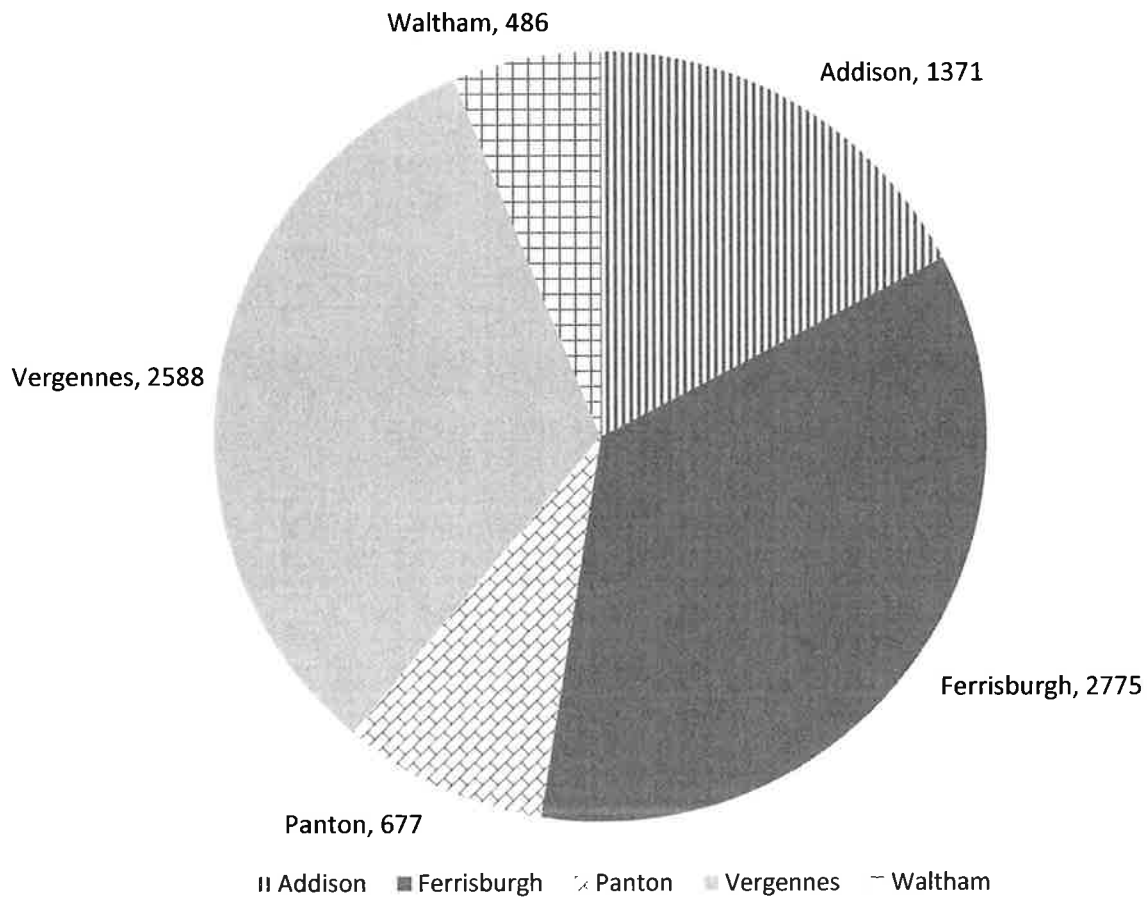
### APPENDIX A—FINANCE AND ENROLLMENT INFORMATION



**FY2016 BUDGETED BASELINE FINANCE DATA**

<u>District</u>	<u>Education Spending</u>	<u>Equalized Pupils</u>	<u>Cost/Pupil</u>	<u>Homestead Ed Tax Rate</u>
Addison	\$1,188,271	76.99	\$15,434	\$1.63
Ferrisburgh	\$3,012,509	194.11	\$15,520	\$1.64
Vergennes UESD	\$3,884,397	282.59	\$13,746	\$1.45
Vergennes UHSD	\$9,458,275	572.58	\$16,519	\$1.75

**2010 U.S. Census Town Populations for Proportional Representation**



**ENROLLMENT RATIOS BY BUILDING**

(based on enrollment as of October 1, 2015 and total FTE of staff)

<b>ACS</b>	<b>2015-16</b>		
Student Enrollment	71	Student/Teacher	10.09
Adults	18.34	Student/Adult	3.87
Teachers	7.04	Teacher/Administration	8.8
Administration	0.8		

<b>FCS</b>	<b>2015-16</b>		
Student Enrollment	173	Student/Teacher	10.42
Adults	35.8	Student/Adult	4.83
Teachers	16.6	Teacher/Administration	16.6
Administration	1		

<b>VUES</b>	<b>2015-16</b>		
Student Enrollment	253	Student/Teacher	11.50
Adults	53.1	Student/Adult	4.76
Teachers	22	Teacher/Administration	22
Administration	1		

<b>VUHS</b>	<b>2015-16</b>		
Student Enrollment	484	Student/Teacher	13.58
Adults	79.57	Student/Adult	6.08
Teachers	35.64	Teacher/Administration	17.82
Administration	2		

**SAMPLE ENROLLMENT RATIOS BY UNIFIED DISTRICT**

(based on enrollment as of October 1, 2015 and total FTE of staff)

Student Enrollment	981
Adults	186.81
Teachers	81.28
Administration	4.8

Student/Teacher	12.07
Student/Adult	5.25
Teacher/Administration	16.93



**LONG TERM DEBT**  
**Estimated as of July 1, 2017**  
**(merger effective date)**

<u>District/Description</u>	<u>Amount</u> <u>Outstanding</u> <u>June 30, 2015</u>	<u>Annual</u> <u>Principal</u> <u>Payment</u>	<u>Pay Off</u> <u>Date</u>	<u>Estimated</u> <u>Balance</u> <u>July 1, 2017</u>
<b>Vergennes Union High School</b>				
Vermont Municipal Bond Bank	\$ 2,500,000	\$ 420,000	FY2021	\$ 1,660,000
Vermont Municipal Bond Bank	\$ 2,800,000	\$ 140,000	FY2035	\$ 2,520,000
Capital Equipment Lease	\$ 78,095	\$ 25,912	FY2018	<u>\$ 2,671</u>
				\$ 4,182,671
<b>Vergennes Union Elementary School</b>				
Vermont Municipal Bond Bank	\$ 45,000	\$ 15,000	FY2018	\$ 15,000
Capital Improvement Note	\$ 116,881	\$ 39,998	FY2020	\$ 36,885
Capital Equipment Lease	\$ 21,125	\$ 9,972	FY2018	<u>\$ 1,181</u>
				\$ 53,066
<b>Addison Central School</b>				
Capital Equipment Lease	\$ 8,723	\$ 3,995	FY2018	<u>\$ 733</u>
<b>Ferrisburgh Central School</b>				
Vermont Municipal Bond Bank	\$ 1,300,000	\$ 90,000	FY2031	\$ 1,120,000
Capital Improvement Note	\$ 64,725	\$ 10,416	FY2021	\$ 43,747
Capital Equipment Lease	\$ 12,128	\$ 5,726	FY2018	<u>\$ 1,432</u>
				\$ 1,165,179
<b>Addison Northwest Supervisory Union</b>				
Capital Equipment Lease (balance after District school payments)	<u>\$ 12,335</u>	<u>\$ 6,168</u>	<u>FY2018</u>	<u>\$ 6,168</u>
<b>TOTAL DEBT SERVICE</b>	<b><u>\$ 6,959,012</u></b>			<b><u>\$ 5,407,084</u></b>

## APPENDIX B—HOMESTEAD TAX RATE COMPARISONS

### UNIFIED DISTRICT FISCAL YEAR 2018 VS. STATE ACTION FISCAL YEAR 2020

		<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
<b>Addison</b>	Homestead tax rate under State Action FY2020	\$ 1.6798	\$ 1.7037	\$ 1.7281	\$ 1.7527	\$ 1.8299	\$ 1.8566	\$ 1.8822
	Unified District Homestead Tax Rate effective FY2018			\$ 1.5758	\$ 1.6193	\$ 1.6631	\$ 1.7073	\$ 1.7518
	<b>Tax Rate Savings under Unified District Merger</b>			\$ 0.152	\$ 0.133	\$ 0.167	\$ 0.149	\$ 0.130
	<b>Projected Tax savings on \$200,000 homestead value</b>			\$ 305	\$ 267	\$ 334	\$ 299	\$ 261
<b>Ferrisburgh</b>	Homestead tax rate under State Action FY2020	\$ 1.6770	\$ 1.7000	\$ 1.7238	\$ 1.7478	\$ 1.8299	\$ 1.8566	\$ 1.8822
	Unified District Homestead Tax Rate effective FY2018			\$ 1.5758	\$ 1.6193	\$ 1.6631	\$ 1.7073	\$ 1.7518
	<b>Tax Rate Savings under Unified District Merger</b>			\$ 0.148	\$ 0.129	\$ 0.167	\$ 0.149	\$ 0.130
	<b>Projected Tax savings on \$200,000 homestead value</b>			\$ 296	\$ 257	\$ 334	\$ 299	\$ 261
<b>Panton</b>	Homestead tax rate under State Action FY2020	\$ 1.5883	\$ 1.6105	\$ 1.6330	\$ 1.6557	\$ 1.8299	\$ 1.8566	\$ 1.8822
	Unified District Homestead Tax Rate effective FY2018			\$ 1.5758	\$ 1.6193	\$ 1.6631	\$ 1.7073	\$ 1.7518
	<b>Tax Rate Savings under Unified District Merger</b>			\$ 0.057	\$ 0.036	\$ 0.167	\$ 0.149	\$ 0.130
	<b>Projected Tax savings on \$200,000 homestead value</b>			\$ 114	\$ 73	\$ 334	\$ 299	\$ 261
<b>Vergennes</b>	Homestead tax rate under State Action FY2020	\$ 1.5752	\$ 1.5972	\$ 1.6195	\$ 1.6421	\$ 1.8299	\$ 1.8566	\$ 1.8822
	Unified District Homestead Tax Rate effective FY2018			\$ 1.5758	\$ 1.6193	\$ 1.6631	\$ 1.7073	\$ 1.7518
	<b>Tax Rate Savings under Unified District Merger</b>			\$ 0.044	\$ 0.023	\$ 0.167	\$ 0.149	\$ 0.130
	<b>Projected Tax savings on \$200,000 homestead value</b>			\$ 87	\$ 46	\$ 334	\$ 299	\$ 261
<b>Waltham</b>	Homestead tax rate under State Action FY2020	\$ 1.5822	\$ 1.6043	\$ 1.6267	\$ 1.6494	\$ 1.8299	\$ 1.8566	\$ 1.8822
	Unified District Homestead Tax Rate effective FY2018			\$ 1.5758	\$ 1.6193	\$ 1.6631	\$ 1.7073	\$ 1.7518
	<b>Tax Rate Savings under Unified District Merger</b>			\$ 0.051	\$ 0.030	\$ 0.167	\$ 0.149	\$ 0.130
	<b>Projected Tax savings on \$200,000 homestead value</b>			\$ 102	\$ 60	\$ 334	\$ 299	\$ 261

\* Under the five-year accelerated merger annual tax incentives of .10/.08/.06/.04/.02 will be provided beginning in FY2018 and finish in FY2022.

\*\* State Action (no merger) eliminates any tax incentives and eliminates small school grant(s), and ADM hold harmless protection starting in FY2020.

State Action is subject to the recommendation of the Secretary of Education which could change funding alternatives.

\*\*\* Vermont Agency of Education (AOE) FY2011 – FY2015 District Financial Profiles was the data used for Projections/Estimates under State Action & Unified District Merger Models respectively. The annual Equalized per pupil change used in the Models for the years FY2018 – FY2022 was -1.24% and was the annual average change for the entire ANWSU for the years FY2011-FY2015. The annual Net Education Spending change used in the models for the years FY2018-FY2022 was 1% and was the annual average change for the entire ANWSU for the years FY2011-FY2015.

\*\*\*\* Embedded in the models were the following assumptions set by the Agency of Education:

-Hold Harmless Equalized pupil % change = -3.5% (Under merger annual equalized pupil % change will not exceed -3.5%).

-Base Education Amount = \$9,458.

-Base Homestead Tax Rate = \$0.99

-Excess Threshold = \$17,103 (change in excess threshold per year = +1%).

**NOTE: These models are estimates and projections only. They are used only to illustrate the potential tax savings under an Accelerated Merger Proposal. Actual tax rates for the period FY2018 through FY2022 will be determined only after future budget proposals are Approved and Adopted.**

**APPENDIX C -- Agreement dated June 20, 1989, by and between Vergennes Union Elementary School District No. 44, Vergennes Graded School District, Waltham Town School District and Panton Town School District.**

Vergennes City Clerk's Office

Received for record August 18, 1989 at 2:40 P.M. and was  
duly recorded in Vergennes Land Record Book #38, on pages 430-444.

Attest:

*Joan Devine*  
Vergennes City Clerk

AGREEMENT

THIS AGREEMENT made and entered into this 20th day of June, 1989, by and between Union Elementary School District No. 44 (hereinafter "Union"), Vergennes Graded School District, ID (hereinafter "Vergennes"), Town of Waltham School District (hereinafter "Waltham"), and Town of Panton School District (hereinafter "Panton"):

W I T N E S S E T H

WHEREAS, the voters of Vergennes, Waltham and Panton at duly warned special meetings on November 8, 1988, voted to form an elementary union school district,

WHEREAS, Union is that elementary union school district,

WHEREAS the provisions of the Final Report dated June 7, 1988, entitled "Joint Agreement for the Formation of the Union School District of Vergennes, Panton and Waltham" approved by the State Board of Education on the 15th day of August, 1988, (hereinafter "Final Report") govern the union district, and

WHEREAS, the parties to this Agreement have made certain agreements respecting the transfer of the Vergennes Elementary School facility from Vergennes to Union, and the payment therefor, as well as provisions respecting payments in the event of the dissolution of Union or the sale of the elementary school facility, which the parties desire to incorporate into this Agreement;

NOW THEREFORE, the parties hereto stipulate, covenant and

agree as follows:

1. Contemporaneously with the execution of this Agreement, Vergennes is conveying by Warranty Deed to Union its elementary school facility as described therein and upon terms and conditions as described therein and in conformance with the Final Report.

2A. The purchase price for the elementary school facility is as follows:

a. Pre 1987 Elementary School - \$1,694,400.00.

b. 1987 Addition to Elementary School -

Bonded indebtedness retired as of 6-30-89 - \$ 90,000.00

Bonded indebtedness remaining as of 6-30-89 - \$ 730,000.00

2B. The Final Report shows the bonded indebtedness for the 1987 Addition retired as of June 30, 1989, to be \$151,250.00, and the bonded indebtedness remaining as of June 30, 1989, to be \$668,750.00. The Final Report figures were premised on the assumption that Vergennes would be making additional bond payments in 1989. The parties have agreed and Union has budgeted to make those payments to Vergennes in 1989. Therefore, the figures in paragraph 2A are the correct figures for the bonded indebtedness remaining and retired as of June 30, 1989.

3. As set forth in the Final Report, Vergennes, Waltham and Panton have been granted equity credit in the Vergennes Elementary School facility reflecting each's participation in

the facility. Equity credit respecting that part of the purchase price represented by the Pre 1987 Elementary School shall be computed using the five year average percentage attendance figures through the 1988-1989 school year. Equity credit respecting that part of the purchase price represented by the bonded indebtedness for the 1987 Addition retired as of June 30, 1989, shall be computed using the percentage attendance figures for the 1987-1988 and 1988-1989 school years. However, in no event shall equity credit exceed a party's share of the purchase price.

4. Vergennes, Waltham and Panton are contributing their equity credit to Union together with Promissory Notes payable to Vergennes in amounts computed as set forth in the Final Report and payable as set forth in the Final Report. Union is using the equity credit and Promissory Notes to pay for that part of the purchase price of the elementary school facility from Vergennes represented by the Pre 1987 Elementary School and the bonded indebtedness for the 1987 Addition retired as of June 30, 1989. The remaining bonded indebtedness for the 1987 Addition shall be paid as provided in paragraph 8 herein below.

5. The amount that Vergennes, Waltham and Panton must contribute to Union to fund that part of the purchase price of the elementary school facility represented by the Pre 1987 Elementary School and the bonded indebtedness for the 1987

Addition retired as of June 30, 1989, is determined by the projected student attendance of each in the union school, projected as of June 30, 1989, at the percent of that projected student attendance to the whole. Projected student attendance for Vergennes, Waltham and Panton, projected as of June 30, 1989, is as follows:

a. Vergennes	68.9477%
b. Waltham	12.1848%
c. Panton	<u>18.8675%</u>
TOTAL	100.00%

6A. The part of the purchase price represented by the Pre 1987 Elementary School is \$1,694,400.00. The contributions that Vergennes, Waltham and Panton must make to Union to fund this part of the purchase price are as follows:

a. Vergennes	\$ 1,168,249.83
b. Waltham	206,459.25
c. Panton	<u>319,690.92</u>
TOTAL	\$ 1,694,400.00

6B. Pursuant to the Final Report, Vergennes, Waltham and Panton have been granted and will contribute to Union equity credit with respect to the Pre 1987 Addition. The amount of equity credit is computed as set forth above as follows:

	<u>Five Year Average Attendance Through 1988-1989</u>	<u>Equity Credit</u>
a. Vergennes	74.5786%	\$ 1,168,249.83

b. Waltham	11.5979%	196,514.81
c. Panton	13.8235%	234,225.38

6C. Waltham and Panton will each contribute to Union Promissory Notes payable to Vergennes to be repaid over a ten year period without interest payable in ten equal annual installments commencing on December 31, 1989, and on the same date each and every year thereafter until such ten annual payments are made. Copies of the Promissory Notes are attached hereto. The amount of each Promissory Note is as follows:

a. Waltham	\$ 9,944.44
b. Panton	\$ 85,465.54

6D. Union shall transfer to Vergennes the equity credits and Promissory Notes referenced above to pay that part of the purchase price represented by the Pre 1987 Elementary School, \$1,694,400.00.

7A. The part of the purchase price represented by the bonded indebtedness for the 1987 Addition retired as of June 30, 1989, is Ninety Thousand Dollars (\$90,000.00). The contributions that Vergennes, Waltham and Panton must make to Union to fund this part of the purchase price are as follows:

a. Vergennes	\$ 62,052.93
b. Waltham	10,966.32
c. Panton	<u>16,980.75</u>
TOTAL	\$ 90,000.00



7B. Pursuant to the Final Report, Vergennes, Waltham and Panton have been granted and will contribute to Union equity credit with respect to the bonded indebtedness for the 1987 Addition retired as of June 30, 1989. The amount of equity credit is computed as set forth above as follows:

	<u>Average Attendance</u> <u>1987-1988 &amp; 1988-1989</u>	<u>Equity Credit</u>
a. Vergennes	74.2753%	\$ 62,052.93
b. Waltham	11.9516%	10,756.44
c. Panton	13.7731%	12,395.79

7C. Waltham and Panton will each contribute to Union Promissory Notes payable to Vergennes to be repaid over a two year period without interest payable in two equal annual installments on December 31, 1989, and on December 31, 1990. Copies of the Promissory Notes are attached hereto. The amount of each Promissory Note is as follows:

Waltham	\$ 209.88
Panton	\$4,584.96

7D. Union shall transfer to Vergennes the equity credits and Promissory Notes referenced above to pay that part of the purchase price represented by the bonded indebtedness for the 1987 Addition retired as of June 30, 1989.

8. The part of the purchase represented by the bonded indebtedness remaining as of June 30, 1989 is Seven Hundred Thirty Thousand Dollars (\$730,000.00). Union shall pay this part of the purchase price by making capital payments to

Vergennes on or before November 1 of each year from 1989 through 2006 in an amount equal to the principal obligation of Vergennes due to its bond holders on the following December 1st under its 1986 series bonds issued through the Vermont Municipal Bond Bank. Union shall further make interest payments to Vergennes on or before November 1 of each year from 1989 through 2006 and on or before May 1 of each year from 1990 through 2006 in an amount equal to the interest obligation of Vergennes due its bond holders on the following December 1st (in the case of the payment due on or before November 1) and in an amount equal to the interest obligation of Vergennes due its bond holders on the following June 1st (in the case of the payment due on or before May 1) under its 1986 series bonds issued through the Vermont Municipal Bond Bank. Vergennes may direct that Union make these payments directly.

9. As set forth in the Final Report, Union shall allocate capital payments and operating expenses among Vergennes, Waltham and Panton on a per pupil basis, using the enrollment of legal pupils who are residents of Vergennes, Waltham and Panton as of October 15th of the preceding year. Such capital payments and operating expenses shall be separately stated in each annual assessment. "Enrollment" for the purposes of this Agreement means legal pupils who should be attending grades kindergarten through sixth grade at public

expense. Capital payments by Union to Vergennes set forth in paragraph 8 above respecting the principal of the bond indebtedness for the 1987 Addition remaining as of June 30, 1989, shall be assessed to Vergennes, Waltham and Panton as capital payments; payments respecting interest shall be assessed as noncapital payments.

10. Contemporaneously with the execution of this Agreement, Vergennes is conveying by Warranty Deed to Union its elementary school facility as described therein. The Warranty Deed provides that the conveyance is to Union for so long as Union shall not be dissolved. In the event that Union shall be dissolved, the lands and premises conveyed in the Warranty Deed automatically revert to Vergennes or its successors without it being necessary for Vergennes or its successors to take any affirmative action whatsoever to effectuate the reverter. In the event that a reverter occurs because of the dissolution of Union, Vergennes shall pay to Waltham an amount equal to the sum of all capital payments assessed by Union to Waltham and paid by Waltham in the annual assessments made by Union to Waltham after July 1, 1989. No interest shall be included in the payment. In the event that a reverter occurs because of the dissolution of Union, Vergennes shall pay to Panton an amount equal to the sum of all capital payments assessed by Union to Panton and paid by Panton in the annual assessments made by Union to Panton after

July 1, 1989. No interest shall be included in the payment. In such event, the Promissory Notes referenced hereinabove made by Waltham to Vergennes, copies of which are attached to this Agreement, shall become immediately due and payable in full, and Waltham shall make immediate and full payment of all sums due under the Promissory Notes to Vergennes. In such event, the Promissory Notes referenced hereinabove made by Pantan to Vergennes, copies of which are attached to this Agreement, shall become immediately due and payable in full, and Pantan shall make immediate and full payment of all sums due under the Promissory Notes to Vergennes.

11. In the Warranty Deed above referenced Vergennes is conveying by Warranty Deed to Union its elementary school facility as described therein for so long as Union shall make the payments respecting the bonded indebtedness remaining as of June 30, 1989, as set forth in and required by paragraph 8 of this Agreement. In the event that Union shall not make said payments, the lands and premises therein conveyed shall automatically revert to Vergennes or its successors, without it being necessary for Vergennes or its successors to take any affirmative action whatsoever to effectuate the reverter. In the event such a reverter occurs, Vergennes shall have no obligation to make any payments whatsoever to Union, Waltham or Pantan.

12. In the event that no reverter has occurred as set

forth in paragraph 10 and paragraph 11 hereinabove, Union may sell, convey, transfer or otherwise dispose of the elementary school facility conveyed in the Warranty Deed above referenced, provided that payment shall be made as follows:

- a) There shall be paid to Vergennes an amount equal to the remaining principal and accrued unpaid interest on its 1986 series bonds issued by the Vermont Municipal Bond Bank.
- b) There shall be a payment to Vergennes of One Million Six Hundred Ninety-Four Thousand Four Hundred Dollars (\$1,694,400.00).
- c) There shall be a payment to Waltham in an amount equal to the sum of all capital payments assessed by Union to Waltham and paid by Waltham in the annual assessments made by Union to Waltham after July 1, 1989.
- d) There shall a payment to Panton in an amount equal to the sum of all capital payments assessed by Union to Panton and paid by Panton in the annual assessments made by Union to Panton after July 1, 1989.
- e) Upon sale, conveyance, transfer or other disposition, and upon payments made as set forth above, the reverter interests of Vergennes or its successors set forth in paragraph 10 and paragraph

11 above shall be extinguished, and Vergennes or its successors shall execute a Quitclaim Deed confirming the same. Upon receipt of the payments as set forth above, Waltham and Panton shall execute appropriate releases.

- f) A sale, conveyance, transfer or other disposition where payment is not made as set forth above shall be deemed to be equivalent to the dissolution of Union Elementary School District No. 44. Thereupon the lands and premises conveyed in the Warranty Deed above referenced shall automatically revert to Vergennes Graded School District, ID, or its successors, without it being necessary for Vergennes Graded School District, ID, or its successors, to take any affirmative action whatsoever to effectuate the reverter. In the event that a reverter occurs under this paragraph, Vergennes Graded School District, ID, or its successors, shall make the payments to the Town of Waltham School District and to the Town of Panton School District and receive the payments from the Town of Waltham School District and from the Town of Panton School District as set forth in paragraph 10 of this Agreement.

13. This Agreement is executed in quadruplicate each to be treated as an original, as of the day and year first above

written.

VERGENNES GRADED SCHOOL  
DISTRICT, ID

By: Linda M. Thompson L.S.  
Linda Thompson, Chairperson

By: Craig L. Miner L.S.  
Craig Miner, Clerk

By: Clare S. Evancie L.S.  
Clare Evancie  
VERGENNES PRUDENTIAL COMMITTEE

UNION ELEMENTARY SCHOOL  
DISTRICT NO. 44

By: Rae Holzschuh L.S.  
Rae Holzschuh, Chairperson

By: Linda M. Thompson L.S.  
Linda Thompson, Clerk

By: Craig L. Miner L.S.  
Craig Miner

By: Judith Coen L.S.  
Judith Coen

By: Stephen P. Coulman L.S.  
Stephen Coulman  
BOARD OF SCHOOL DIRECTORS

TOWN OF WALTHAM SCHOOL DISTRICT

By: Stephen P. Coulman L.S.  
Stephen Coulman, Chairperson

By: Susan Heath L.S.  
Susan Heath, Clerk

By: Robert L. Brash L.S.  
Robert Brash  
BOARD OF SCHOOL DIRECTORS

TOWN OF PANTON SCHOOL DISTRICT

By: *Pamela Farnsworth* L.S.  
Pamela Farnsworth, Chairperson

By: *Kathryn Brooks* L.S.  
Kathryn Brooks, Clerk

By: *Rae Holzschuh* L.S.  
Rae Holzschuh  
BOARD OF SCHOOL DIRECTORS



Christopher B. Leopold  
Dennis W. Wells

tel (802) 864-3755  
fax (802) 864-3612

January 7, 2016

JoAn Canning, Superintendent  
Addison Northwest Supervisory Union  
11 Main Street, Suite B100  
Vergennes, VT 05491

Re: Proposed Addison Northwest Unified Union School District Board Membership

Dear JoAn:

I am writing regarding the proposal by the Addison Northwest Study Committee on behalf of the member school districts of the Addison Northwest Supervisory Union (ANSU) to form a unified union school district. Specifically, you have asked us to review the proposed board membership of the proposed unified union school district and the requirements of the Equal Protection clause of the United States Constitution.

Members of the Addison Northwest Supervisory Union Study Committee formed under 16 VSA §706, have drafted Articles of Agreement for the formation of the Addison Northwest Unified Union School District pursuant to Act 46. Article 9 of the Articles of Agreement establishes the number of board members from each town in the unified union. The proposed school board follows the statutory requirement that each proposed member district in a unified union be afforded at least one representative. Consistent with statute, the proposed board may not exceed 18 members, each member district shall be entitled to at least one representative, and representation shall be proportional to population. 16 VSA §706b(9). The initial twelve member board as proposed in the Articles of Agreement will consist of Addison – 2 members, Ferrisburgh - four members, Panton – one member, Vergennes – four members, and Waltham – one member. Board composition will be recalculated after each decennial census to ensure that a town's representation on the Board remains proportional to its population.

The Equal Protection Clause of the Fourteenth Amendment requires that each resident be given equal weight in representation. *Reynolds v. Sims*, 377 US 533, 569 (1964). The Supreme Court has held generally that congressional apportionment plans with a population deviation of less than 10% is a minor deviation. *Brown v. Thomson*, 463 US 835, 842 (1983). Despite stricter adherence to a 10% maximum deviation rule in *congressional* redistricting cases, the Court has shown *more* flexibility in regard to state and local forms of government. Mathematical exactness is not a requirement to the extent that it acts as a "straitjacket" preventing citizens from "devising mechanisms of local government suitable for local needs and efficient in solving local

JoAn Canning, Superintendent

January 7, 2016

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problems.” *Avery v. Midland*, 390 US 474, 485 (1968). While there is variation in the population represented per board member for the proposed Addison Northwest Unified Union School District school board, it appears that there is a rational basis for the deviation: preserving the member district boundaries for the election of board members.

Since the representation plan proposed by ANSU preserves the member district boundaries, it is reasonable to conclude that the deviation in population proportionality is permissible, particularly given that the deviation is a relatively small number. In *Brown v. Thomson*, the Court found a Wyoming reapportionment plan constitutional despite a maximum deviation in population equality of 89%. 462 US 835 (1983). The Court justified this extreme deviation because of the state’s historic policy of preserving counties as representative districts. Moreover, the Court in *Brown*, acknowledged that if the least populous county, Niobrara County, were to be combined with a neighboring county in a single representative district it would have de minimus impact. *Id.*, at 847.

School board representatives are specifically tied to the management of local affairs. In order to further the State’s goal of unifying school districts, conversations need to occur between districts with established relationships. Often this will mean a grouping of districts with a wide variation in population that does not lend itself well to precise mathematics. In an effort to maintain the political subdivision of the member school district and continue to allow for progress towards unification, it is reasonable to conclude that mathematical exactness must be set aside. This is consistent with the continued flexibility the Supreme Court has afforded to state and local government plans.

Based upon the above, we conclude that there is a reasonable legal basis to conclude that a court reviewing the proposed board representation proposal would reasonably conclude that the representation plan satisfies the requirements of the Equal Protection Clause of the U.S. Constitution.

Please feel free to contact me with any questions.

Sincerely,



Christopher B. Leopold



## **ADDISON NORTHWEST SUPERVISORY UNION**

11 Main Street, Suite B100, Vergennes, VT 05491-1193

Administrative Offices

Phone: (802) 877-3332

Fax: (802) 877-3628

Website: [www.anwsu.org](http://www.anwsu.org)

January 11, 2016

Secretary Rebecca Holcombe  
Agency of Education  
219 North Main Street, Suite 402  
Barre, VT 05641

Dear Secretary Holcombe:

This letter is to acknowledge that the student numbers in our Act 46 Unification Study Report are for enrollment, but we meet the ADM criteria for an accelerated merger because the ADM in FY15 was 1018.

Sincerely,

JoAn Canning  
Superintendent of Schools