

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 **RUTLAND SOUTH SUPERVISORY UNION** (RSSU) 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 RSSU Study Committee?

SECRETARY’S RECOMMENDED ACTION:

That the State Board of Education find that the proposed formation of a new unified union school district by the member districts of the Rutland South 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 vote to approve the attached report of the RSSU Study Committee.

STATUTORY AUTHORITY: 16 V.S.A. § 706c; Act 153 of 2010; Act 156 of 2012; Act 56 of 2013; Act 46 of 2015

BACKGROUND INFORMATION: The RSSU Study Committee recommends creation of a unified union school district that will be its own supervisory district. Although the proposal would unify the governance structures of all existing districts within the supervisory union within a short period of time, it is not presented as an Accelerated Merger pursuant to Act 46, Sec. 6.¹ Rather, the Study Committee proposes to form a Regional Education District (RED) pursuant to Act 153 (2010), as amended.

The new unified union school district (New Unified District), to be “named prior to incorporation and with public input,” 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 five existing school districts and their supervisory union into a single supervisory district responsible for operating four elementary schools and one secondary school. The Tinmouth School District is identified as an “advisable” district pursuant to 16 V.S.A. § 706b(b)(2); all other districts in the supervisory union are identified as “necessary” districts pursuant to 16 V.S.A. § 706b(b)(1).

¹ One criterion for Accelerated Merger eligibility is a combined average daily membership (ADM) of 900 or greater in the first year of operation. The combined ADM of the existing districts in RSSU has been lower than 900 for the last several years.

The proposal includes a “grandfathering” clause for Tinnmouth students for whom the Tinnmouth School District is paying tuition during the 2015-2016 academic year. In addition, the proposal anticipates that the New Unified District would expand the region’s current public elementary school choice program by raising or removing existing caps.

The New Unified District would be governed by an 11 member school board that would include at least one member from each town. The initial members would be apportioned to each town based upon the 2010 federal census. Voting would occur on a town-by-town basis. Member’s votes would not be weighted. The Articles include provisions for any amendments to board membership necessitated by a future decennial census.

A currently operating elementary school building could be closed only if closure was (1) unanimously approved by all board members and (2) approved by a majority vote of the electorate of the town in which the building is located. The town in which the school building is located would have the right of first refusal and could purchase the property for \$1.00, provided that the town agreed to use the property for public and community purposes for a minimum of five years. The proposal includes provisions addressing use by the town for fewer than five years.

The proposal addresses additional items, including the following:

- Transportation would be comparable to that provided currently.
- District-wide curricula would be adopted by July 1, 2016.
- 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.
- The New Unified District would provide opportunities for local community members’ involvement in policy and budget development.
- The New Unified District is willing to continue regional discussions with districts outside the current RSSU boundaries regarding potential collaboration, including future mergers and other types of collaborative activities.

The RSSU already provides its member districts with special education and transportation services pursuant to 16 V.S.A. § 261a. In addition, the supervisory union and its member districts have made structural and staffing decisions in anticipation of legislative action. This has included the appointment of an Assistant Superintendent of Teaching and Learning and a Director of Technology who are currently concentrating on supervisory union-wide curricula and technology systems changes that focus on meeting the statewide Educational Quality Standards and on developing leadership skills among the entire RSSU staff.

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, 2016. If Clarendon, Shrewsbury, and Wallingford (the Necessary Districts) each vote in favor and Tinmouth does not, then the New Unified District will be formed without Tinmouth. Tinmouth voters would have until June 30, 2016 in which to reconsider an unfavorable vote. No district is formed if one or more of the Necessary Districts fails to vote in favor of the proposal.

POLICY IMPLICATIONS: By enacting Act 46, which incorporated the processes for forming REDs and their variations, 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 RSSU Study Committee’s proposal is “in the best interests of the State, the students, and the school districts.”

See Appendix A to this Agenda Item for a list of elements in the proposal that address the goals identified by Act 46, Section 2 as well as the Act’s concern about geographic isolation.

The RSSU Study Committee’s proposal is aligned with the goals of the General Assembly as set forth in both Act 46 of 2015 and Act 153 of 2010 and with the policy underlying the union school district formation statutes as articulated in 16 V.S.A. § 701.

COST IMPLICATIONS: The RSSU Study Committee’s proposal is expected to result in immediate annual cost reductions of approximately \$100,000. The Study Committee’s Report anticipates other potential cost reductions resulting from the formation of a unified union district through, for example, sharing staff among schools, reduced legal expenses from fewer contract negotiations, and the centralization of maintenance for facilities and grounds. In support of the potential savings that arise from consolidation, it is important to note that earlier centralization of special education and transportation has resulted in significant cost reductions of approximately \$288,000 annually.

See also Act 153, Sec. 4 (2010), as amended by Act 156, Sec. 13 (2012) and Act 46, Sec. 15 (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

LYNN, LYNN, BLACKMAN & MANITSKY, P.C.

December 7, 2015

Superintendent David Younce
Rutland Southwest Supervisory Union
64 Grange Hall Road
North Clarendon, VT 05759

Re: Proposed New Union School District Board Membership

Dear David:

I am writing to confirm that the current proposal set forth by Rutland South Supervisory Union (RSSU) pertaining to Board membership of the New Union School District meets the requirements of the Equal Protection Clause of the United States Constitution.

Current RSSU Board members have drafted articles of agreement, as required by the Vermont Agency of Education, in relation to their discussions around creating a Supervisory District pursuant to Act 46. Article 9 of the Articles of Incorporation establishes the initial membership of each town on the Union School District Board of Directors. The initial Board will consist of four members from Clarendon, four members from Wallingford, two members from Shrewsbury, and one member from Tinmouth. Article 9 also provides that Board composition shall be recalculated following the release of each decennial census, in order to ensure that a town's representation on the Board is proportional to its population.

The Equal Protection Clause of the Fourteenth Amendment requires equal voting strength, and protects against dilution of the right to vote by disproportionate representation. This guarantee extends to the election of local school officials who exercise general governmental powers. *Hadley v. Junior Coll. Dist.*, 397 U.S. 50, 53 (1970). Mathematical precision, however, is not necessary; rather "the overriding objective must be substantial equality of population among the various districts." *Reynolds v. Sims*, 377 U.S. 533, 569, 579 (1964). The Supreme Court has held that generally, an apportionment plan with a maximum population deviation under 10% is considered a minor deviation. *Brown v. Thomson*, 462 U.S. 835, 842 (1983). A plan with larger disparities, however, remains Constitutional if there is a rational basis for the larger deviation. *Reynolds*, 377 U.S. at 579.

The current apportionment plan set forth in Article 9 includes a maximum deviation of approximately 21%. Nonetheless, the Supreme Court has held that affording representation to political subdivisions is a "rational state policy" justifying a larger deviation. *Brown v. Thomson*, 462 U.S. at 847; *Manahan v. Howell*, 410 U.S. 315, 325-330 (1973). Preserving the integrity of the towns of Clarendon, Shrewsbury, Tinmouth and Wallingford as representative

Superintendent David Younce
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districts is therefore a rational basis supporting the current apportionment.

Furthermore, there is no indication that any group of people being discriminated against based on the current apportionment plan. Although Clarendon, the most populous town, has the least representation based on the number of proposed Board members; the second most populous town, Wallingford, has the most proposed Board representation. Therefore, there is no indication that towns are being discriminated against on the basis of size.

Lacking any evidence of a bias tending to favor particular political interest or geographic areas, it is our opinion that your apportionment plan should pass Constitutional muster.

Please feel free to contact me with any questions.

Sincerely,

LYNN, LYNN, BLACKMAN & MANITSKY, P.C.

A large, stylized handwritten signature in black ink, appearing to read 'P. Lynn', is written over the printed name and firm name.

Pietro J. Lynn, Esq.
plynn@lynnlawvt.com

Appendix A

Rutland South Supervisory Union Study Committee Report

Current Supervisory Union or Unions	Potentially Merging Districts Pursuant to 16 V.S.A. § 706b(b)(1)-(2)	District is Identified as:	
		Necessary	Advisable
Rutland South SU	Clarendon	Y	
	Shrewsbury	Y	
	Tinmouth		Y
	Wallingford	Y	
	Mill River Union School District #40 (represented by Clarendon, Shrewsbury, & Wallingford Elementary Districts)	Y	
Type of Merger, Dates, ADM, and Name			
Regional Education District (RED) (Act 153, Secs. 2-3 (2010), as amended by Acts 156, Sec. 1 (2012) and 46, Sec. 16 (2015))			
Date on which the proposal will be submitted to the voters of each district (16 V.S.A. § 706b(b)(11)): 3/1/16			
Date on which the new district, if approved, will begin operating (16 V.S.A. § 706b(b)(12)): 7/1/16			
Combined ADM of all “necessary” districts in the current fiscal year: 815			
Proposed name of new district: To be determined after successful vote			

Is the Proposal in the Best Interest of the State, Students, and Districts per 16 V.S.A. § 706c?

Goal #1: The proposed union school district will provide substantial **equity in the quality and variety** of educational opportunities.

Act 46, Sec. 2(1)

- Increases consistency and equity of opportunity by having a single board:
 - Single mission statement / unified vision
 - Single strategic plan
 - Consistency in curriculum development
 - Consistency in delivery of student support systems
- Increases ability of administrators to focus on “engaging in visionary instructional leadership:”
 - Centralized, professional oversight of building and grounds
 - Support provided for single board (rather than six)
 - Preparation of one budget (rather than six)
- Increases ability to recruit and retain skilled teachers throughout the district:
 - Sharing allows increased opportunity for formerly part-time positions in multiple districts to be one full-time position in unified district
 - Centralized contracts = consistency in wages and working conditions
- Increases programming options – shared staff and the enhanced ability to recruit and retain skilled teachers leads to more opportunities, not only in core subjects but also in the arts, before and after school programs, and sports
- Increases possibility for parents to select public elementary school within the district through a potential expansion of the region’s existing elementary school choice program
- For current FY, in anticipation of governance changes, appointed (1) Assistant Superintendent of Teaching and Learning and (2) Director of Technology for entire SU:
 - Comprehensive overhaul of curriculum and technology systems and structures with focus on meeting EQS
 - Development of leadership skills and SU-wide vision among all teaching staff w/in SU
- Increases ability to equalize class sizes across system through flexibility re: staff assignments
- Committed to preserving character and unique culture of each school
- Supports coordinated PreK programming

<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"> • For current FY, in anticipation of governance changes, appointed (1) Assistant Superintendent of Teaching and Learning and (2) Director of Technology for entire SU: <ul style="list-style-type: none"> ○ Comprehensive overhaul of curriculum and technology systems and structures with focus on meeting EQS ○ Development of leadership skills and SU-wide vision among all teaching staff within SU • Increases consistency and equity of opportunity by having a single board: <ul style="list-style-type: none"> ○ Single mission statement / unified vision ○ Single strategic plan ○ Consistency in curriculum development ○ Consistency in delivery of student support systems • Is a fully integrated PK-12 system • Increases potential for movement of staff and students among schools
<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-time equivalent staff.</p> <p><i>Act 46, Sec. 2(3)</i></p>	<ul style="list-style-type: none"> • Eliminates need to develop and approve six separate budgets • Reduces number of VT, IRS, and other federal reports • Eliminates intergovernmental accounting transactions within the new SD • Centralized hiring permits greater sharing of both teaching and non-teaching staff • Increases ability to equalize class sizes across system through flexibility re: staff assignments • Increases operational efficiencies: <ul style="list-style-type: none"> ○ Centralized, professional oversight of building and grounds ○ Support for single board (rather than six) ○ Single budget = fewer audits • Supports consolidated efforts re: curriculum; instruction; transportation; delivery of student support systems; and overall finance operations • Supports coordinated PreK programming

<p><u>Goal #4:</u> The proposed union school district will promote <u>transparency</u> and accountability.</p> <p><i>Act 46, Sec. 2(4)</i></p>	<ul style="list-style-type: none"> • Single budget for which electorate directly votes / eliminates allocation of SU costs • Eliminates need for additional explanations so electorate understands SU allocations • One board – not six – increases : <ul style="list-style-type: none"> ○ transparency and ○ administrators’ ability to focus on schools and leadership • Transitional / New Board will establish structure to support community and family engagement
<p><u>Goal #5:</u> The proposed union school district will deliver education at a <u>cost</u> that <u>parents, voters, and taxpayers value</u>.</p> <p><i>Act 46, Sec. 2(5)</i></p>	<ul style="list-style-type: none"> • Estimated savings of ~\$377,000 annually (including ongoing savings from earlier centralization of transportation/Special Education services) • Reduces the number of annual audits - and the associated costs - because one budget, not six • Streamlines accounting systems (<i>e.g.</i>, one budget and no SU assessments) • Increases purchasing power • Strengthens negotiating position • Reduces legal costs and time for negotiating centralized contracts • Centralizes oversight of building and grounds • Decreases likelihood that will exceed reach excess spending threshold • Maintains Small School Support Grants as Merger Support Grants • Maintains 3.5% hold harmless protection • (Has already centralized transportation and special education services) • (Recognizes that temporary tax relief is for transitional purposes by helping to stabilize property tax rates and is not itself the primary reason to merge)

<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>	<ul style="list-style-type: none">• Doesn't isolate any district that would be an obvious merging partner and that has no other options• Willing to work now and in the future with other districts in the region either as collaborators or in connection with the present/future merger• Considered side-by-side with potential partners outside the SU
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Clarendon, Shrewsbury, Tinmouth, Wallingford

(Rutland South Supervisory Union)

Act 153 Consolidation Study

Final Report

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Committee Members

John McKenna – Clarendon School Board
George Ambrose – Clarendon Resident
Adrienne Raymond – Shrewsbury School Board
Grant Reynolds – Tinmouth School Board
Ken Fredette – Wallingford School Board
Tammy Heffernan – Wallingford Resident

Legal Counsel

Pietro Lynn

RSSU Leadership

Dave Younce, Superintendent

Executive Summary

Beginning in June, 2015 school board members from the Rutland South Supervisory Union towns of Clarendon, Shrewsbury, Tinmouth and Wallingford began the process of meeting regularly to discuss the implications of Act 46 and identify a path toward new governance structure that met the intent of the law (to provide increased equity, opportunity, and efficiency) and was most practical for the current towns of the RSSU.

Fundamental to the mindset of the board members deliberating over this question were the parallel concepts of:

1. Working to maintain the systems, efficiencies, and collaboration that exist in the current RSSU system and structure.
2. Seeking open conversations with neighboring districts and SU's about what was, is and will be in the future with an eye toward working together for the ultimate benefit of students.

Over the period of time from June-October 2015 this group:

- Analyzed the law closely through individual and group research as well as analysis provided by the superintendent and business manager
- Formally established an Act 46 Study Committee
- Read numerous articles about all aspects of district consolidation and kept abreast of ongoing action in Montpelier.
- Considered the financial analysis scenarios presented by the RSSU Business Manager.
- Discussed legal questions and ramifications with counsel.
- Kept the community informed of direction and progress through regular reports via board meetings, mass mailings, and various efforts at electronic communication.
- Engaged in both formal and informal conversations with regional neighbors about the implications of Act 46 in pursuit of clear paths for collaboration and cooperation.

On October 8, 2015, after drafting articles of agreement as required by the Vermont Agency of Education, the Committee voted unanimously in favor of a proposal to create a Supervisory District, under the auspices of Act 153 Regional Education District structures, that will consist of the existing RSSU Towns of Clarendon, Shrewsbury, Tinmouth and Wallingford. This Regional Education District would be named at a later time pending public input, but for the sake of this proposal will be called the New Union School District.

The proposal for reorganization would be put to the voters for approval on March 1, 2016 with a targeted operational date of July 1, 2016.

Overview of Dynamics of New Entity

Communication Strategy

Our communication strategy to inform the public of the details and benefits of the newly created and to be named Union School District will be centered upon several on-going efforts:

- Regular Study Committee Meetings – publicly warned and accessible – minutes generated and posted publicly in a number of formats
- Regular feedback and input provided at the local board level during the course of the study, proposal comment period, and the time leading up to public vote
- Information to be offered at each individual board meeting in October and November, with Board member comment occurring in late October. Multiple public forums will occur in January and February for the purpose of informing the public of details.
- Public mailings generated multiple times to all addresses within the RSSU in order to keep all taxpayers informed and aware. These mailings have included Study Committee member direct email and phone information.
- The RSSU website will have a section housing pertinent materials related to the study, the proposal, and future governance structure.
- Public input will be solicited and considered by the Study Committee and Boards with regard to the name of the New Union School District.

Financial Considerations

Accounting and Budgeting

A single district structure will consist of a single budget and single tax rate, which addresses the educational needs of the 900+ students attending our schools, with no need to build and approve six separate budgets. This new structure reduces the number of state, federal, and IRS reports and eliminates intergovernmental accounting transactions. This will result in further efficiencies in the business office and allow for better distribution of resources. A single district reduces the number of independent audits, reducing labor and audit expenses. It also lowers the possibility of exceeding the excess spending tax penalty threshold. The transition in structure also would streamline accounting systems by creating a single budget, eliminating assessments to member school districts for costs currently incurred at the supervisory union level. Currently, supervisory union budget expenses appear as assessments in local member districts' budgets and are not voted on by the electorate. This lack of transparency is confusing to taxpayers and requires additional financial accounting.

Anticipated Savings

Centralized Contracting Savings	13,500
Town Treasurer Services & Expenses	5,958
Board Stipends and Operating Expenses	46,455
5 Audits	23,000

Savings from Previous Transportation Consolidation	135,500
Savings from Previous Special Education Consolidation	153,000
Total Anticipated Initial Savings	377,413

Centralized Contracting

Unified teacher and support staff agreements would result in a reduction of legal expenses and administrative time necessary for negotiations after the initial transition. Unified labor contracts, one for professionals and one for support staff, would provide consistency in wages and working conditions for the same positions across our communities.

A larger school district will allow for increased purchasing power and a stronger negotiating position through economies of scale with at least 5% savings anticipated = \$13,500 (listed above)

Centralized Staffing

Efficiencies realized through centralization of staffing and human resources will have a positive impact on overall programming for all students. By being able to more effectively share staff and offer full time employment to individuals across schools we will identify and retain a more skilled workforce while gaining flexibility and programming options that benefit students. These opportunities will not only be realized in core academic areas, but also in the arts, before and after school programs, and athletics.

There will also very likely be increased opportunities for part-time employees to find increased (full-time) employment within the district, which will improve recruitment and retention efforts. As we do not expect to close schools or to reduce instructional staff under this plan proposal, we expect that the primary efficiencies and savings will lie in more efficient staffing and hiring followed by administrative efficiencies in the future. Centralization of hiring responsibilities will also provide greater opportunity to equalize class sizes across the system for specific grade levels through staffing reallocation.

A single district structure also allows for greater flexibility in the allocation of non-teaching positions. Personnel can be reassigned where the greatest needs are across all schools. Currently reassignments are limited to the district of hire (unless done through a shared service agreement, which takes additional administrative time to implement).

Improved Utilization of Buildings and Facilities

As a single district, the opportunity would emerge to establish supervision over buildings and grounds/facilities for all school buildings. This would allow for more consistent oversight of school maintenance and custodial efforts and generate a structure to develop capital improvement plans on a system-wide scale through wise planning to meet all building repair and maintenance needs over time. The economies of scale gained through this adjustment would be notable.

Indebtedness Assumed – as of June 30, 2016 - all assets and indebtedness of pre-existing local districts will be assumed by the New Union School District.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Mill River Union School District #40</i>			
Vermont Municipal Bond Bank, 2007 Series 1	120,000	26,260	146,260
Vermont Municipal Bond Bank, 2014 Series 2	550,000	90,748	640,748
Depository Trust Company, 1996 Bonds	160,000	4,400	164,400
Vermont Municipal Bond Bank, Water Planning Loan	15,358	0	15,358
<i>Shrewsbury Town School District</i>			
Vermont Municipal Bond Bank, 2014 Series 3	193,500	23,352	216,852
<i>Wallingford Town School District</i>			
Merchants Bank, 2014 Series Public School Building	855,000	253,597	1,108,597
<i>Total Indebtedness</i>	1,893,858	398,357	2,292,215

Real Property Acquired – to be acquired by New Union School District for \$1.00 according to Articles of Agreement

	Insurance Replacement <u>Cost of Property</u>
<i>Clarendon Town School District</i>	
Central Office Building, 64 Grange Hall Road, North Clarendon	337,500
School Building, 84 Grange Hall Road, North Clarendon	7,659,900
<i>Mill River Union School District #40</i>	
School Building & Garage, 2321 Middle Road, North Clarendon	22,458,400
<i>Shrewsbury Town School District</i>	
School Building, 300 Mountain School Road, Shrewsbury	2,459,400
<i>Tinmouth Town School District</i>	
School Building, 573 Rte. 140, Tinmouth	901,331
<i>Wallingford Town School District</i>	
School Building & Trailer, 126 School Street, Wallingford	4,580,400
Little Red Schoolhouse, 91 Homer Stone Road, South Wallingford	134,100

Economic Incentives

The property tax incentives provided through Act 153 are also a significant opportunity for residents of our communities. For example, a four-year schedule of property tax reductions would be realized: 8 cents in the first year, 6 in the second, 4 in the third, and 2 in the last year. These reductions present an important opportunity for the stabilization of property tax rates and a sense of predictability in the near future.

Grant funding of \$20,000 has been made available to the RSSU for the purposes of reimbursing consulting and legal fees related to this study. In addition, if the proposal is approved by the voters and the New Union School District is formed, an additional \$130,000 (for a total grant availability of \$150,000) will be made available for all costs related to the transition to the new district.

Ultimately, a newly elected school board of the New Union School District, working with school leaders, would be responsible for developing annual budgets for consideration by the voters in the four communities. In its first year, the New Union School District budget would be developed, with voter approval of the process, by combining all voter-approved local budgets into a single budget.

Small School Considerations

In the current RSSU the two smallest schools (student enrollment <80) rely heavily on financial support structures in place through the State of Vermont to remain viable.

Small Schools Grants are received by both Shrewsbury Mountain School and Tinmouth Elementary School and will be lost altogether if merger action does not take place.

The Small Schools Grants amount to \$90,684 in Shrewsbury and \$76,612 in Tinmouth for a total amount of \$167,296. Their elimination would represent a significant loss to the function, programming, and overall viability of each school.

Additionally, districts with enrollment that has declined are protected by a Hold Harmless Provision, which provides that regardless of the level of decline in student population in the district the number of students that the state allocates funds toward cannot decrease by more than 3.5% per year. This creates a situation commonly referred to as “phantom students”, meaning that the local budget and resulting funding levels from the state do not match the actual levels of students residing in the district.

In the Shrewsbury there are currently 19.2 phantom students in FY16. Without those phantom students Shrewsbury’s tax rate would increase \$0.13 equaling a tax increase of \$132.70 per \$100,000 of assessed valuation. Tinmouth has 2.9 phantom students, the loss of which would account for a \$0.05 increase to the tax rate or an increase of \$51.60 per \$100,000 of assessed valuation.

Should a merger be approved, these benefits would continue to be paid to the New Union School District.

Educational Equity Considerations

Educational Excellence

At the conclusion of its study, the Committee strongly believes that maintaining the current composition of the RSSU and shifting governance to a Regional Education District for pre-Kindergarten through grade 12 is the best option to continue to positively impact the overall quality of education for students in our communities. There will be both near and long-term benefits for students.

Fundamentally, the current RSSU organization is an efficient, effective system of schools that has seamlessly centralized transportation, special education and curriculum. Systems continue to be further refined year by year to the benefit of students and communities. One of our communities, Tinmouth, opted to join the RSSU in 2014 for these very reasons. Tinmouth has a strong desire to remain a part of the RSSU entity, even as that action will require its voters to consider the question of school choice at the polls.

Improved Student Learning Opportunities

The creation of this new district will result in the development of a single mission statement, unified vision and single strategic plan for continual improvement based on the attainment of outcomes that our community values. A regional education district structure will provide the focused school board with the opportunity to ensure educational programs and experiences for all community students through an integrated Pre-K-12 system. This structure may allow for elementary school students to attend other elementary schools within the district without paying tuition (an expansion of our current limited elementary school choice program, which is somewhat unique to our communities and under current governance has intentional limits to the number of students able to participate). Most importantly, a the new district under single board governance will support consolidated efforts with regard to curriculum, instruction, transportation (which will see services remain the same due to pre-existing consolidated services), delivery of special supports and overall finance operations in order to further ensure consistent experience and preparation for all students as they transition through our system.

Additionally, we expect that coordinated pre-K programming across all schools will further enable us to meet the ideals of Act 166 with integrity and consistency to the benefit of area Pre-K students.

Refined Systems and Structures

In anticipation of the impact of legislation related to governance as well as compliance with existing statutes, the RSSU focused its central office administrative staffing efforts for the current budget year on appointing highly-skilled individuals to the key roles of Assistant Superintendent of Teaching and Learning and Director of Technology. The administrators in

these roles are in the midst of a comprehensive overhaul of RSSU curriculum & technology systems and structures with a focus on meeting the VT Education Quality Standards, ensuring a consistent, high quality learning experience for every RSSU student, and developing leadership skills and vision in the areas of technology and curriculum among our entire RSSU staff. This significant work is not undertaken lightly and is very timely. It is further streamlined by a governance approach that looks at the broader picture of our educational system and stresses the collective idea that all RSSU students are “our” students. Specifically, the RSSU focuses on operating as one system of schools with a shared vision rather than a patchwork of separate schools with common oversight. We expect that further refinement in the use of materials, allocation of human resources, and consistent decision-making opportunities engendered by a governance transition promise to significantly impact student outcomes and teacher skill-sets in each of our schools.

Governance Considerations

Board Composition

Addressed in Articles of Incorporation

History of Visionary Leadership

Rutland South Supervisory Union has a consistent history of visionary board leadership that seeks to navigate the political landscape effectively while also protecting local interests. That history includes actions that have prepared the RSSU well for a transition such as this. RSSU board engaged in a formal 2007 study and generated a proposal for a merger of districts remarkably similar to this proposal. State-required consolidations of services (ex: transportation and special education) have been addressed proactively, effectively, and in a timely fashion, resulting in benefit to students and taxpayers that may not have been publicized or noted. And, as mentioned in the previous section on educational equity, staffing and structural decisions have been made with a pragmatic eye toward the anticipated actions of the legislature in order to position the RSSU for success in its current governance structure and offer flexibility as we navigate the path to a new governance structure.

Leadership

Overall, the RSSU superintendent and school leaders manage six different budgets and support and are accountable to six different boards on behalf of over 900 enrolled students, Pre-K-12, across our four towns. We currently have one board member in place for every 34 students (according to our ADM). This cumbersome structure requires school leadership to spend considerable time attending to support and management of school boards rather than engaging in visionary instructional leadership. It is not at all conducive to attracting and retaining quality school leaders.

In a unified Prek-12 district, an 11-member board would represent the communities of Clarendon, Shrewsbury, Tinmouth and Wallingford, and would oversee the policy and direction of the district. Election of these school board members would take place at the same time as the vote to approve a merger. If approved, the newly elected board would begin its work officially on July 1, 2016, but would engage in some degree of transition

work and planning leading up to the July 1 start date.

This new board would be charged with defining roles and responsibilities, hiring a superintendent, establishing policy, negotiating contracts for teachers and support staff, establishing a structure to support community and family engagement with our schools, and generating a work plan to ensure accountability to student outcomes in the New Union School District.

New Union School District Structure

All students in the towns of Clarendon, Shrewsbury, Tinmouth and Wallingford Prek-12 will be served by the schools of the New Union School District: Clarendon Elementary (PK-6), Shrewsbury Elementary (PK-6), Tinmouth Elementary (PK-6), Wallingford Elementary (PK-6), and Mill River Union High School (7-12).

Regional Collaboration

As a part of our ongoing examination of the nuances of Act 46 we engaged in numerous conversations with regional neighbors. This organization is ready and willing to identify, either now or in the future, means of collaboration within the region that serve ALL students in the area well. We are willing to engage in dialogue about systems of schools working together either within or outside the constructs of Act 46 or Acts 153/156 and are not limiting that willingness to this period of transition. If it makes sense for our students or students that our system can impact, we are willing to engage and entertain unique and new ideas.

School Choice

Public high school choice is currently available to all high school students in Vermont under 16 V.S.A. 822a. Capacity limits are specified in the law and put in place by local school boards. No changes to this structure are planned at this time. We expect that our students will continue to access this program and students from other high schools would continue to attend Mill River Union High School under this law. There will be no general public school choice in 7th and 8th grades, unless the Supervisory District Board makes an exception to meet the needs of a particular child. For grades Pre-K through 6, limited options already existing in the RSSU will be expanded.

One town, Tinmouth, has private school choice. The three students currently taking advantage of it will be grandfathered and their tuition paid by the District until they graduate from 12th grade. Tinmouth also has public school choice in grades 7-12. Students currently in grades 7 and 8 will have their public school tuition paid until they finish 8th grade. All students currently using public school choice in grades 9-12, and current 7th and 8th grade students, will be expected to transition to public school choice under 16 V.S.A. 822a when eligible. If for some reason, such as quota limits, they cannot be accommodated in that program, their tuition to public high school will be paid until they graduate. After that, all Tinmouth students would matriculate to Mill River Union High School.

School Closures

No school closures are planned in the immediate future, and would not occur without an affirmative vote of the affected town and a unanimous vote of the New Union School District Board.

Side-by-Side Sub-districts

The Committee did consider the possibility of forming two sub-districts, one with grade 7-12 choice and one where all students will attend Mill River Union High School. The complications of governance, budgeting, and setting tax rates made this form of governance unattractive. To meet the requirements for a Side-by-Side structure under Act 156 we would need to woo another town with 7-12 choice to join this entity. Act 156, Section 15(a)(1) requires that each of the subdistricts be formed from at least two existing districts. Tinmouth is the only choice town in the forming communities. In addition, it is not clear that the requirement that all of the subdistricts combined have 1250 students is waive-able, unlike the similar provision for an integrated RED in Act 153, Section 3(a)(1). We are reluctant to proselytize towns to enter a governance structure that may be impractical, and certainly will not be an improvement over the current SU structure. If other districts wish to join with us we would be happy to talk with them, but only on the basis that the only school choice available will be public high school choice under 16 V.S.A. 822a. Students currently exercising school choice under other authorities would be grandfathered on the same basis as Tinmouth students.

Transition Plan

Under ideal circumstances, the New Union School District will be created through an affirmative vote of the four towns on March 1, 2016. At that time members of the New Union School District Board of Directors will be elected. Additionally, current local board member positions will continue to be filled as current structures and districts would remain in place until June 30, 2016. The newly elected board will provide appropriate board-level oversight to the processes of shifting business office procedures, negotiating new collective bargaining agreements, and merging all staff under the umbrella of a single employer while regular operations of the existing town school districts continue through the end of June 2016. The target date for operation of the New Union School District would be July 1, 2016, at which time pre-existing local school boards and school board directors would cease to operate in their designated roles and the new board would officially assume oversight of the New Union School District. Any remaining business will be completed as soon as practicable and in any event no later than December 31, 2017. The Rutland South Supervisory Union shall cease all operations within a reasonable timeframe after the completion of all the outstanding business of its member school districts, but in no event any later than January 31, 2018.

The voting process on March 1, 2016 would include the following as a result of the dynamics and timing of the decision:

1. Approval of town School Directors under current governance structure
2. Approval of town school budgets and Mill River Union District #40 budget where applicable

3. Approval of this merger proposal under Act 153
4. Determination of town representatives for New Union School District Board
5. Approval of concept of merged budget in the event of merger approval

Conclusion

The central task of the Study Committee was to determine the type of reorganization under that would best meet the spirit of the law while ensuring that equity, opportunity and efficiency are our top priorities.

Act 153 offers tangible, attractive financial incentives for action, but the Committee conducted the study with the understanding that a decision to consolidate governance or change structures must be based on whether or not it is the right *long-term* move for students and taxpayers, regardless of the incentives.

We have determined that maintaining our current direction and focus while shifting to a single board structure can efficiently direct financial and human resources to support learning for our students as well as reduce redundancy in operations. The single school board will be charged with holding the administration accountable to expected outcomes and board goals for all of our students and communities.

After careful consideration and analysis, the Study Committee determined this transition to be in the best interests of our communities and voted unanimously in favor of a proposal to create the New Union School District to be presented to voters of the RSSU's four towns.

Articles of Incorporation

The Study Committee recommends that the following Articles of Agreement be adopted by each necessary and advisable school district for the creation of a pre-Kindergarten through Grade 12 Regional Education District to be named prior to incorporation and with public input, hereinafter referred to as the “New Union School District”.

Article 1

The School Districts of Clarendon, Shrewsbury, and Wallingford are necessary for the establishment of the New Union School District. The Mill River Union High School District #40 is also necessary, but will be represented by Clarendon, Shrewsbury, and Wallingford town school districts, which formed the original union school district.

The Tinmouth School District is advisable to include in the formation of the Union School District. The Clarendon, Shrewsbury, Wallingford, and Tinmouth School Districts are hereinafter referred to as the “forming districts”. There are no additional school districts being recommended at this time.

If all of the forming districts vote to approve the merger, the New Union School District will commence full educational operations and services on July 1, 2016 under the provisions of Act 153. In the event that Clarendon, Shrewsbury, and Wallingford school districts each vote YES to approve the merger, but Tinmouth votes NO, then pursuant to Act 153 of 2010, a Regional Education District is established and will commence full educational operations and services on July 1, 2016. If any of the necessary districts votes NO the merger cannot take place.

In the event that the Tinmouth School District votes not to join the New Union School District, it will have until June 30, 2016 to reconsider and join the New Union School District with admission granted in advance by the New Union School District. For the purpose of compliance with 16 VSA §721, the New Union School District consents to Tinmouth’s admission. Thereafter, admission will be determined by Vermont statutes, which require favorable votes by both Tinmouth and the New Union School District.

Article 2

The New Union School District will provide pre-kindergarten through grade twelve education services to all of the students in the New Union School District. Tinmouth students enrolled and attending a public or an approved independent high school (grades 7-12) during the 2015-2016 school year at the expense of the Tinmouth School District as tuitioned secondary school students (grades 7-12) shall be “grandfathered.” Such tuitioned students shall be permitted the option to continue to attend as tuitioned students from the New Union School District the public or approved independent school of their choice. Students attending a public high school other than Mill River Union High School shall access the provisions of 16 V.S.A. 822a public high school choice program through Mill River Union High School, if possible. If for some reason, such as quota limits, they cannot be accommodated in that program, their tuition to public

high school will be paid until they graduate. Except as specifically approved for an individual child by the New Union School District's Board of Directors, and consistent with state law, the tuitioning of grandfathered high school students shall cease on June 30, 2021, or later if a currently tuitioned student requires more time to complete his or her 12th grade education.

Article 3

The New Union School District School Board will comply with 16 V.S.A. 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 Union School District and will commence negotiations pursuant to 16 V.S.A. Chapter 57 for teachers and 21 V.S.A. Chapter 22 for other employees, as well as 16 V.S.A. 1802. In the absence of new collective bargaining agreements on July 1, 2016, the School Board will comply with the pre-existing master agreements pursuant to 16 V.S.A. Chapter 53, subchapter 3. The School Board shall honor all master agreements that are in place for the forming school districts on June 30, 2016 until their respective termination dates. In addition, all pre-existing contracts of non-bargaining employees will be assumed by the New Union School District.

Article 4

No new school buildings are necessary to, or proposed for, the formation of, the New Union School District. The New Union School District School Board will assume ownership and operate existing school facilities owned by the forming districts, and by Mill River Union High School # 40, commencing July 1, 2016.

No elementary school shall be closed without a unanimous vote of the New Union School District Board, and an affirmative vote of the town in which it is located.

Article 5

The New Union School District Board shall determine, in accordance with state and federal law, the transportation services to be provided to students. Such services shall be comparable to those provided at present by the Rutland South Supervisory Union's centralized transportation system.

Article 6

The forming districts of the New Union School District recognize the benefits to be gained from establishing district-wide curricula as well as their obligation to do so, and to otherwise standardize all operations on or before July 1, 2016.

Article 7

Any and all operating deficits and/or surpluses of any of the combining/forming districts shall become the property, and/or the obligation of the New Union School District, effective July 1, 2016. Those member districts with surpluses or remaining reserve funds as

of the close of business on June 30, 2016, will transfer all such funds to the New Union School District.

Article 8

No later than June 30, 2016, the forming districts and the Mill River Union High School District #40 will convey to the New Union School District all of their school-related real and personal property, for One Dollar, and the New Union School District will assume all capital debt associated therewith. The New Union School District recognizes the long term financial investments and community relationships that each town and Mill River Union High School District # 40 has with its school building(s). The New Union School District will encourage appropriate use of the building and/or grounds by the students and community according to the policies and procedures of the Union School District.

In the event that, and at such subsequent time as, the New Union School District Board of 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 Union School District and its educational programs, the New Union School 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.

In the event a town elects not to acquire ownership of such real property, the New Union School District shall, pursuant to Vermont statutes, sell the property upon such terms and conditions as established by the New Union School District Board.

In the event that, and at such subsequent time as, the New Union District School Board determines that any real property, including land and buildings, conveyed to it by the Mill River Union High School District #40 is or are unnecessary to the continued operation of the New Union School District and its educational programs, the New Union School District shall, pursuant to Vermont statutes, sell the property upon such terms and conditions as established by the New Union School District Board of Directors. Uses by a private buyer must conform to the existing Town of Clarendon Zoning and Subdivision Regulations, unless otherwise agreed by the town.

The conveyance of any of real property to the town in which it is located shall be conditioned upon the town owning and using 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, then the town shall compensate the New Union School District for all capital improvements and renovations completed after the formation of the District and before sale to the town. In the event a town elects not to acquire ownership of such real property, then the New Union School District shall sell the property upon such terms and conditions as established by the Union District Board of School Directors. Any sale of school property shall be in a manner that is consistent with applicable provisions of state law.

No school building shall be disposed of unless the school using it has been closed in compliance with Article 4.

Article 9

A forming town district’s representation on the New Union School District Board of Directors will be closely proportional to the fraction that its population bears to the aggregate population of all forming school districts in the New Union School District. Initial Union School District Board composition is based upon the 2010 Federal Census, and shall be recalculated promptly following the release of each subsequent decennial census. In the event a town loses a member as a result of the census, all its members shall complete their respective terms.

At no time will a town corresponding to a pre-existing member school district have less than one board member, pursuant to the provisions of 16 VSA § 706b(b)(9). Each proportionality calculation shall be rounded to the nearest whole number in the event that membership must be recalculated in the future.

The initial membership on the Union School District Board of Directors will be constituted as follows:

Number of School Board Members by Town

Town	Board Members
Clarendon	4
Wallingford	4
Shrewsbury	2
Tinmouth	1

Article 10

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

Distribution of Initial One-Year, Two-Year and Three-Year Terms:

Town	1 Year Term	2 Year Term	3 Year Term

Clarendon	1	1	2
Wallingford	1	2	1
Shrewsbury		1	1
Tinmouth			1

Pursuant to the provisions of 16 V.S.A. 706b, 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 one, two, or three years respectively. Terms of these elected members officially begin upon election in March. Transition work toward the development of the New Union School District Board will begin at that time. Official duties of the newly elected board members will begin on July 1, 2016.

Article 11

The proposal forming this New Union School District will be presented to the voters of each forming school district on March 1, 2016. The candidates for the New Union School District Board of Directors will be elected on the same date, as required by law. Nominations for the office of a New Union school director representing any town shall be made by filing with the clerk of that town proposed as a member of the union, a statement of nomination signed by at least one percent of the legal voters in the district, and accepted in writing by the nominee. A statement shall be filed not less than 30 or more than 40 days prior to the date of the vote.

Article 12

Upon an affirmative vote of the electorates of the school districts, and upon compliance with 16 V.S.A. 706g, the New Union School District 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, 2016. The New Union School District shall, between the date of its organizational meeting under 16 V.S.A. 706j and June 30, 2016, develop school district policies, adopt curriculum, educational programs, assessment measures and reporting procedures in order to fulfill the Education Quality Standards (State Board Rule 2000), prepare for and negotiate contractual agreements, prepare for the New Union School District Annual Meeting and transact any other lawful business that comes before the board, provided, however, that the exercise of such authority by the New Union School District shall not be construed to limit or alter the authority and/or responsibilities of the forming districts, Mill River Union High School District #40, or the Rutland South Supervisory Union.

The New Union School District shall commence full educational operations on July 1, 2016.

Article 13

The New Union School District Board of Directors shall propose an annual budget in accordance with 16 V.S.A. Chapter 11. The annual budget vote shall be conducted by Australian ballot pursuant to 17 V.S.A. Chapter 55.

Article 14

On July 1, 2016, when the New Union School District becomes fully operational and begins to provide educational services to students, the forming districts and Mill River Union School District #40 shall cease all educational operations and shall remain in existence for the sole purpose of completing any outstanding business not given to the New Union School 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 Rutland South Supervisory Union shall cease all operations within a reasonable timeframe of the completion of all outstanding business of its member school districts, but in no event any later than January 31, 2018.

Article 15

The New Union School District Board of Directors shall provide opportunity for local input on policy and budget development. Structures to support and encourage public participation within the Union School District will be established by the Union School District Board of Directors on or before June 30, 2017.

The New Union School District Board may establish committees of the board to assist it in carrying out its duties. Committees may include non-voting members of the public who have special expertise in the subject matter of the committee's work. Committees shall make recommendations to the board and shall not have the authority to make final decisions.

Article 16

These articles may be amended by a two thirds vote of those voting at a New Union School Board of Directors meeting, except for Article 4, second paragraph, concerning school closing, which requires a unanimous vote of all board members.

Article 4, second paragraph, concerning school closing, shall also be set forth as a separate subsection of the warning for the vote on establishment of the New Union School District.

If the Board votes unanimously to amend Article 4, second paragraph, the amendment shall be submitted to an annual or special meeting. The amendment shall be effective only if approved by a majority of the electorate voting at that meeting. The votes shall be counted and reported by towns, but shall be commingled and approval of the amendment shall require a majority of all those voting.