

AGENCY OF EDUCATION
Barre, Vermont

TEAM: School Governance Team

ITEM: Will the State Board of Education find that formation of a unified union school district by two member districts of the **WHITE RIVER VALLEY SUPERVISORY UNION** (WRVSU), **BETHEL** and **ROYALTON**, 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 Study Committee for Creation of a New Union District Between Bethel and Royalton (Study Committee) and to assign the new district, if formed, to the WRVSU?

RECOMMENDED ACTION:

- 1. That the State Board finds that the proposed formation of a new unified union school district by two member districts of the WRVSU, to be named the WHITE RIVER UNIFIED DISTRICT, is “in the best interests of the State, the students, and the school districts” pursuant to 16 V.S.A. § 706c(b).**
- 2. That the State Board of Education votes to approve the attached report of the Study Committee.**
- 3. That the State Board of Education votes to approve the assignment of the new unified union school district, if approved, to the WRVSU for administrative, supervisory, and transitional services pursuant to 16 V.S.A. § 706h beginning on the date on which the district becomes a legal entity pursuant to 16 V.S.A. § 706g.**

STATUTORY AUTHORITY: 16 V.S.A. § 706c; Act 46 (2015), as amended; Act 153 (2010), Secs. 2-4, as amended; Act 156 (2012), Sec. 15, as amended; Act 49 (2017)

BACKGROUND INFORMATION:

The WRVSU consists of ten town school districts with five distinct models of governance. After passage of Act 46, the districts formed three formal study committees under 16 V.S.A. § 706. The study committees presented three related proposals to the State Board on February 21, 2017, including one that proposed creation of the White River Unified School District by the Bethel, Rochester, and Royalton School Districts (Original Proposal).¹

The school boards presented the proposals to the voters on April 11, 2017. As set forth more fully in the recommendation regarding revocation of the “Contingent Proposal” on the State Board’s

¹ See Agenda Item Q1 from the February 2017 State Board meeting for the January 31, 2017 Report of the Bethel, Rochester, and Royalton Districts. See Item Q on that date for earlier, incorporated reports.

August 2017 agenda, there have been a series of votes and reconsideration votes in the WRV SU communities.

The School Boards of the Bethel and Royalton School Districts subsequently appointed a new Study Committee that has developed and approved a merger proposal for their two districts that closely resembles the proposal for the Original Proposal, which the State Board approved at its February 2017 meeting. The new proposal is now before the Board for its review and consideration.

THE WHITE RIVER UNIFIED DISTRICT: The Study Committee proposes the creation of a unified union school district that would provide for the PK-12 education of resident students by operating a school or schools offering all grades (New Unified District) beginning on July 1, 2018.

The Study Committee identifies the following school districts as “necessary” to the proposal pursuant to 16 V.S.A. § 706b(b)(1): Bethel; Royalton.

The Study Committee does not identify any school districts as “advisable” to the proposal pursuant to 16 V.S.A. § 701b(b)(2).

In FY2016, the combined average daily membership (ADM) of the two “necessary” districts was 625.34 (Bethel: 275.49 and Royalton: 349.85)² and the combined ADM of all ten WRV SU districts was 1,690.29.

The electorate of both districts will vote on October 24, 2017 whether to approve creation of the New Unified District.

The New Unified District, which would be known as the White River Unified District, would unify two existing PK-12 operating school districts into a single district responsible for operating all schools within the district and would replace the two current governing bodies with one unified union school board.

The Study Committee proposes to substantially change the delivery of education to students residing in the two towns. Beginning in the first year of operation, the New Unified District would offer:

- An elementary school offering PK-5 education in both of the towns
- A single middle school offering Grades 6-8 for the region located in Bethel
- A single high school program offering Grades 9-12 centered in South Royalton

In addition, in the first year of operation, the New Unified District would implement an outdoor experiential learning program to prepare middle/high school students for careers in technical and professional fields. A similar program, which would have been located in Rochester, was included in the Original Proposal. Testimony before the State Board in February indicated that work on designing the program had already begun at that time.

² The combined FY2016 ADM for the Original Proposal was 720.74 (by including Rochester: 95.40).

The New Unified District would be governed by a unified school board of six members, with three seats allocated to Bethel residents and three to Royalton residents. All members would be elected at-large by the voters of the entire New Unified District.

The proposed Articles require that the New Unified District would design and implement a “strong transportation program which will seek to provide reasonable bus commuting times and facilitate participation in curricular and extracurricular activities.”

An elementary school could not be closed without both (1) a 75% vote of the Unified District School Board and (2) an affirmative vote of the voters residing in the town in which it is located.

All future votes on Board membership would be by Australian ballot. Except where required by law, all future votes on the budget and other public questions would not be by Australian ballot unless and until the voters vote to change to that system.

If the voters of Bethel and Royalton approve the proposal, then the Granville-Hancock Unified District will also be created and both newly unified districts will be eligible for tax rate reductions and other transitional assistance pursuant to the “Side-by-Side” program. Whether the First Branch Unified School District will also be formed is dependent on the as-yet undetermined actions of the Tunbridge School District.

POLICY IMPLICATIONS: By enacting Act 46, which incorporated the provisions of Act 153 (2010), 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 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 Study Committee acknowledged that as individual entities neither district currently “has a student census large enough to provide a specialized, robust middle school experience [or] a full range of offerings ... at the high school level.” It also noted that the percentage of students receiving free and reduced price lunch exceeds the statewide average. The report states that the “administration estimates that savings from coming together, including the merging of two middle school programs and two high school programs will be a minimum of \$137,000.”

The Study Committee provided an overview of the two potentially merging school districts and the benefits of unification. It is reasonable to conclude, however, that this proposal relies primarily on the work of the study committee that prepared the Original Proposal, and on other, earlier incorporated reports.³

Although this proposal is somewhat reduced in scope from the plans set forth in the Original Proposal, it is nevertheless a bold proposal – and the only proposal presented to the State Board that would require, in the first year of operation, the consolidation of two middle school and high school programs and the creation of an outdoor experiential, career-focused program for secondary students.

³ See footnote 1.

The 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.

STAFF AVAILABLE: Donna Russo-Savage, Principal Assistant, School Governance

Type of Merger	
<i>Please refer to the related eligibility worksheets to determine baseline eligibility for each merger type.</i>	(column reserved for agency use)
<input type="checkbox"/> Accelerated Merger (Act 46, Section 6)	
A Regional Education District (RED) or one of its variations (Act 153 (2010) and Act 156 (2012)) <ul style="list-style-type: none"> <input type="checkbox"/> RED (Act 153, Secs. 2-3, as amended by Act 156, Sec. 1 and Act 46, Sec. 16) <input checked="" type="checkbox"/> Side by Side Merger (Act 156, Sec. 15) <ul style="list-style-type: none"> Districts involved in the related merger: Non-operating: Granville and Hancock, Possibly PK-8 w/9-12 tuition: Chelsea and Tunbridge Possibly PK-6 w/7-12 tuition: Rochester and Stockbridge <input type="checkbox"/> Layered Merger (Union Elementary School District) (Act 156, Sec. 16) <input type="checkbox"/> Modified Unified Union School District (MUUSD) (Act 156, Sec. 17, as amended by Act 56 (2013), Sec. 3) 	
<input type="checkbox"/> Conventional Merger – merger into a preferred structure after deadline for an Accelerated Merger (Act 46, Section 7)	

Dates, ADM, and Name	
Date on which the proposal will be submitted to the voters of each district (16 V.S.A. § 706b(b)(11)):	Oct. 24, 2017
Date on which the new district, if approved, will begin operating (16 V.S.A. § 706b(b)(12)):	July 1, 2018
Combined ADM of all “necessary” districts in the current fiscal year:	620.73

Proposed name of new district:	White River Unified School District
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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.

The Proposed School District is in the Best Interest of the State - as required by 16 V.S.A. § 706c		
<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>	<p>Explained on pages 5-8 of the report.</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>	<p>Explained on page 5-8 of the report.</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-</p>	<p>Explained on pages 8-11 of the report.</p>	

<p>level ratio of students to full-time equivalent staff.</p> <p><i>Act 46, Sec. 2(3)</i></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>	<p>Explained on page 11 of the report.</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>	<p>Explained on page 8-11 of the report.</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>This proposal is one of four that are currently in various stages of consideration within the White River Valley Supervisory Union. If all four succeed, the current SU will be reduced from 10 districts to 6 districts. Sharon and Strafford will need to continue to work on “alternative model” proposals.</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>Grades K-12 will be operated for all students.</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>No new schools are required for this unification to occur. No immediate renovations are anticipated.</p>	
<p>(5) A plan for the first year of the proposed union school district's operation for:</p> <ul style="list-style-type: none"> (A) the transportation of students (B) the assignment of staff (C) curriculum <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>This proposal is much more than a governance unification. Given the educational challenges and financial realities of this region, this study committee focused on how to dramatically improve education for students at a much better cost as soon as possible. This unification has involved extensive work in planning for changes in education that are outlined on pages 5-8 of the report. The heart of the changes will be implemented in year 1.</p>	
<p>(6) The indebtedness of the proposed merging districts that the proposed union school district shall assume.</p>	<p>See pages 13-14 and 19 of the report.</p>	
<p>(7) The specific pieces of real property owned by the proposed merging</p>	<p>See pages 14-15 and 19 of the report.</p>	

<p>districts that the proposed union school district shall acquire, including:</p> <ul style="list-style-type: none"> * their valuation * how the proposed union school district shall pay for them 		
<p>(8) The allocation of capital and operating expenses of the proposed union school district among the proposed member</p>	<p>Repealed.</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"> * no more than 18 members total * each member town is entitled to at least one representative * <i>see also</i> 16 V.S.A. § 706k(c): one or more at-large directors * <i>see also</i> 16 V.S.A. § 707(c): weighted voting 	<p>The committee is proposing the “hybrid model” for comprising a new board. Three residents from each town will be elected to the new board by a comingled election involving voters from both towns. This is described on pages 15 of the report.</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>Described on page 15-16 of the report.</p>	
<p>Any other matters that the study committee considers pertinent,</p>	<p>Other matters on covered on page 17 of the report.</p>	

<p>including whether votes on the union school district budget or public questions shall be by Australian ballot</p> <p><i>(please list each matter separately)</i></p>	<p>Article 12 calls for creation of school councils for each school and an advisory council for school districts that tuition their students to the programs of the White River Unified District.</p>	
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**REPORT OF THE STUDY COMMITTEE FOR CREATION OF
A NEW UNION DISTRICT BETWEEN BETHEL AND ROYALTON**

**Proposal to State Board of Education
August , 2017**

Committee Proposal

The Bethel-Royalton 706 Study Committee is proposing the creation of a union district between Bethel and Royalton, to be known as the White River Unified District. The new union school district will operate within the White River Valley Supervisory Union and will operate schools that provide education in grades K-12 for students residing in Bethel and Royalton. Pre-K services, pursuant to state law, will be provided through tuition paid to private providers or may, additionally, be offered through the district. The new district will have a single school board, a single budget, and a single pre-CLA tax rate. The district will create programs and services which will encourage secondary school enrollment from other “choice” districts within the supervisory union.

Background

In early February, a PK-12 Operating Study Committee within the White River Valley Supervisory Union proposed the creation of a three-town unified union district, which would operate schools for the three towns of Bethel, Rochester, and Royalton. The proposal was approved by the State Board on February 22 and was presented to voters in the three towns on April 11. The results of the April 11 votes were as follows:

<u>Town</u>	<u>Yes</u>	<u>No</u>
Bethel	320	67
Rochester	213	178
Royalton	203	462

The severity of the loss in Royalton was a major setback. Relationships were frayed and feelings were hurt. Bethel and Rochester immediately developed a Plan B which was sent to the State Board on May 16. It called for the creation of a Bethel/Rochester unified district. As you know, both towns and the original PK-12 Operating Study Committee have recommend that the State Board revoke its support for that plan, largely given that the size of a Bethel/Rochester district would not adequately fulfill the goals of Act 46.

Meanwhile, in April and May, a number of citizens in Royalton were very concerned by the rejection of the original proposal, and set out to petition for a reconsideration of their negative vote. That vote was scheduled for June 13. In the meantime, Rochester residents, upset by the April 11 rejection, petitioned for reconsideration of their previously positive vote. That vote was scheduled for June 20. The results of those two reconsideration votes was as follows:

<u>Town</u>	<u>Yes</u>	<u>No</u>
Royalton (6/13/17)	377	248
Rochester (6/20/17)	144	236

The reversal of the vote in Royalton was substantial and signaled to the other communities a desire to complete this process. However, the defeat in Rochester a week later has resulted in the defeat of the original proposal. All three districts had been “necessary” for successful passage.

Through this process, Rochester, as a community, has continued to struggle with deciding on a long-term plan, but they are quite clear that they do not want to pursue participation in a three- town operating district. Royalton and Bethel, on the other hand, have come together and have created a new study committee to put forward a plan that looks much like the original plan, but with one less town. This report outlines that proposal.

Committee Membership and Charge

This study committee was created by Bethel and Royalton “to analyze the advisability of forming a union school district under Act 46.” The committee includes five members from each community.

District	Date of Vote	Eq.Pupils	%	Voting Members
Bethel	7/25/17	286.98	46%	5
Royalton	7/27/17	332.09	54%	5

Total

619.07

10

Description of the Current State

Geography

This new district will be formed by the unification of the Bethel and Royalton School Districts. The two towns are adjoining, with the Royalton and Bethel Schools being approximately 8 miles apart and easily accessible by main roads.

Historic Connections

Both communities are key to the upper White River Valley and have long-standing social, economic and institutional connections. Over the past two years, they have been part of the merger of two supervisory unions and extensive educational and administrative planning in the creation of the White River Valley Strategic Plan. They have both been part of the White River Valley Supervisory Union since July 1, 2016.

Socio-economic Considerations

The region covered by the new district faces some economic challenges. Average household incomes are below the state average.

Average Household Income	
Bethel	\$42,649
Royalton	\$38,654
Statewide	\$52,578

Both communities have rates of free and reduced meals that exceed the statewide average:

Rates of Reported Free and Reduced Meals	
Bethel	51%
Royalton	48%
Statewide Average	44%

Current Scale of Operations

The unified district will bring together two forming districts to comprise a group with sufficient size and scale that will support achievement of the goals of Act 46. Populations of the two towns in the 2010 census were as follows:

Bethel	2030
Royalton	2773

Currently, neither district has a student census large enough to provide a specialized, robust middle school experience. Neither is large enough, alone, to provide a full range of offerings to students at the high school level.

ADM by GRADE GROUPINGS Dec. 2015						
District	EEE	PK	Grades K-5	Grades 6-8	Grades 9-12	Total
Bethel		22.2	118.75	46.8	83.13	270.88
Royalton	2	31	147.6	77.45	91.8	349.85
TOTAL	2	53.2	266.35	124.25	174.93	620.73

Population projections show that the steep decline in student count may have levelled in the area overall, although growth is not expected.

Student Performance

Our communities love our small schools and the fact that students are “known” in a small school in the towns where they live. There are a number of positives in our current schools. The vast majority of students participate in extracurricular activities. The majority of our students enroll in post-secondary experiences, many at excellent colleges and universities. Many of our students do very well.

Despite our many strengths, it is clear that we have plenty of room for improvement. Official reporting by the Agency of Education of student outcomes is of marginal value when it comes to very small schools. Nevertheless, we have some indicators of quality so will report what is readily available through the Agency of Education:

Student Performance--Standardized Testing (Percent Proficient)			
	SBAC 11th Grade Math	SBAC 11th Grade English	NECAP 11th Grade Science
Bethel	13%	45%	9%
Royalton	35%	67%	26%
Statewide	37%	57%	30%

High School Dropout Rates Grades 9-12			
	12-'13	13-'14	14-'15
Bethel (Whitcomb High School)	2.44	1.2	8.24
Royalton (So. Royalton School)	2.72	5.59	3.23
Statewide	2.68	2.48	2.99

We are aware that very small schools have limited opportunity for students whose learning style and needs may not fit with what can be offered. We are concerned about all students being able to get a quality learning experience that fits their interests, needs, and learning styles, and we are optimistic about the exciting opportunities created by this unification.

Fulfilling the goals of Act 46

The study supports unification as the right thing to do for our students, as well as for our taxpayers, especially as we look at what is best for all students who live in the region. We believe we can create for our students a world-class education and for our taxpayers we can create greater efficiency, sustainability, and predictability. This action will help our towns be attractive destinations for families to live and children to learn. We envision more young families choosing to reside in our region and we believe that programs created through the new district will be the schools of choice for families in neighboring towns which tuition their students for particular grades. Unification also creates a substantial opportunity for achieving the goals of Act 46 and for assuring that we are in control of our own destiny.

Improving Education Quality, Opportunity, and Equity

The proposed Unified School District will realize the WRVSU vision by operating exceptional student-focused elementary, middle, and high school programs that will serve the students of Bethel and Royalton, and be the educational programs of choice for parents and students in other towns which choose to tuition their students. The goals of this effort will be to increase student opportunity and achieve equity across the entire region

The schools of the White River Unified School District will first and foremost be student-centered. Planning for the new district has involved students who have worked with teachers,

board members and Up for Learning, an organization that helps students to use their voice to make positive changes in their schools.

The new district will be characterized by:

Strong personalized learning at all levels and for all students with diverse flexible pathways and a broad array of offerings both in the community and within the school.

Strong connections with the community and through public/private partnerships.

Excited, engaged teachers who are using their strengths in creative ways and are creating intentionally innovative instruction and engage in best practices.

Each student having a close relationships with at least one adult and being seen as a valued member of the educational community.

State of the art technology to support the educational process and to assure students can be competitive regardless of where their journey beyond high school leads.

Substantial parent and community involvement in all local schools.

A transportation policy and system which promotes student access to and participation in the full range of curricular and extra-curricular offerings.

Effective use of all facilities in the new district. The district will also seek to schedule athletic events throughout the district to allow for greater involvement of all communities in the educational opportunities of students.

In addition, we have a vision for grade-level programming in our schools:

Elementary School

We believe it is important for our youngest learners to be educated in elementary schools located in their home communities. This allows greater family involvement and connection and assures their time is not spent on long bus rides. As needed, staff and programs will move to them rather than vice versa. The creation of a larger district will allow our smallest schools to realize a broader array of programming allowing educators to teach music, world languages, arts and STEM in more than one location. This provides maximum opportunity for students and allows the district to attract teachers who may be more inclined to seek full-time employment. Advisory councils will be created within our schools to insure that each elementary school maintains its unique culture and identify while benefitting from the resources and common curricular offerings and practices that being part of this larger district brings.

Middle School

While our middle schoolers are still young, they have communicated a need for more peer interaction and a desire to access a broad range of curricular offerings not currently available in all of our communities. The new district is committed to creating a state-of-the art middle school program characterized by:

Cooperative learning in teams.

Strong student/teacher relationships.

Flexible schedules protected from the pressures of different types of scheduling for higher and lower grades.

Learning that acknowledges the needs of middle schoolers to move and have hands-on opportunities to apply their learning in innovative ways with inspired teachers as stewards of their learning.

Personal Learning Plans for all students based on their own passions and educational experiences.

Broad curricular offerings including a robust STEM program and world languages and the arts.

Extensive extra-curricular offerings including a range of athletics, music groups, performances, and other group-dependent activities.

Reasonable travel distances and a strong transportation system to support full participation.

Middle School Education for all students in the district is expected to be delivered in the current Whitcomb Jr.-Sr. High School building.

High School

Our high school will be the place where we bring students together to learn, grow, and build a strong community that is both innovative in its approach to learning and in responding to the needs within it. Students and teachers will build relationships through a strong advisory program. Students, who will be guided in personalizing their education will have a broad array of programs from which to choose which will include more traditional classes as well as project-based learning, independent learning opportunities, community-based learning, co-ops and apprenticeships. Technical education will be strongly supported. Early college and AP courses will also be available for students.

As a larger school, we will be able to create greater opportunities which can include: a broader selection of world languages, arts, music, athletics, outdoor and hands-on education. We will

work to assure that students are able to travel and gain real-world experience by exploring the world beyond our communities. This will allow them to apply problem-solving, communication, and other important life skills.

Our communities matter. Curriculum will be integrated into both communities. Students will create Capstone projects that represent their creativity, knowledge, interests, and the skills they have gained as they have mapped their educational pathways.

The school will have a strong advisory committee structure that represents both towns in the district (as well as districts from which substantial numbers of students are being tuitioned) to assure that community members, students, teachers, and parents maintain a strong voice in the operation of the school.

The primary high school location will be South Royalton.

Finally, the district will create vehicles for ongoing communication with graduates. We want to know the impact of their education and to gather feedback for continuous improvement.

Outdoor Experiential Learning Program

The district will develop capacity for an Outdoor Experiential Learning Program to be provided maximizing the resources available in both communities. The program will be designed to provide students with rigorous, place-based learning opportunities using the rich outdoor resources of the White River Valley. This program will be available to enhance the educational program and provide increased opportunities for students throughout the district.

Transitioning to the New Plan

Upon approval of the plan in the fall of 2017 by the electorates of the involved towns, the board of the new school district will begin immediately to develop a plan for a merged middle school, a merged high school, and the Outdoor Experiential Learning Program, all to be implemented at the start of the 2018-19 school year.

Achieving Efficiency and Sustainability

Part of our obligation is not just to deal with today's immediate budget issues, but to design a district which can be efficient and sustainable over the long-run, regardless of whether we continue to experience a decline in student numbers. Act 46 provides some incentives for action and some consequences for inaction, both of which must be taken seriously.

The merging of districts results in the merging of budgets and creates a single pre-CLA tax rate. Cost per equalized pupil is one of the major drivers of local tax rates.

There are a number of financial advantages of unification:

Greater Efficiencies

Combining the two districts makes possible much greater efficiencies in operation. That is especially true given the plan to consolidate middle and high school education. No longer will both towns seek to operate full secondary programs which can meet all state standards and respond effectively to many student learning styles. Operating together will, literally, make it possible to deliver more for less. Even in the elementary grades, there will be savings available across the multiple elementary schools. There may be less need for part-time staff. Some specialized functions may be able to be covered by a single staff member serving more than one school. The administration estimates that savings from coming together, including the merging of two middle school programs and two high school programs will be a minimum of \$137,000 dollars.

This estimate is built into the tax model in Attachment A.

Attraction of Additional Tuition Students

The number of students served by a particular district is a major driver in determining the breadth of student opportunity that can be offered to students. It also impacts per-student cost, a major driver in tax rates. The new district, with a stronger secondary program, will be well positioned to attract tuition students from neighboring towns. As of this writing, it appears that both Rochester and Chelsea may well be, for the first time, tuitioning some or all of their secondary students in 2018. It is reasonable to assume that a number of these students will select the secondary schools of the unified district.

For purposes of comparative modeling, we have built in the following assumptions to tax rate projections for the fall of 2018 (FY'19). If there is no merger, both Royalton and Bethel districts may attract an additional 9 students each (total 18). There is an assumption that a stronger district with larger, more robust programs, would attract a total of 36 additional students in grades 6-12.

These assumptions are included in the tax model in Attachment A.

Stabilization of Local Homestead Tax Rates

Local homestead tax rates are driven in part by the expenditure per student. Smaller districts are subject to significant swings in student count (by percentage). Unification will result in a much larger student count and make the district less prone to swings in student population which can affect tax rates. In essence, unification creates a larger “risk pool”, stabilizing per-student cost.

Reinstatement of the “ADM Hold Harmless” Provision

One feature of Act 46 is to phase out the “ADM Hold Harmless” provision of Act 60 for districts that do not merge with others, but to allow its continuation for districts that unify within certain parameters. Over the years, these two districts have benefitted in a limited way from this feature.

However, It is important for our citizens to understand this potential benefit. In short, homestead property tax rates are determined in part, on the amount of education spending *per pupil* in a particular district. That figure is driven by the amount spent, divided by the number of students counted by the district. Current law related to education finance provides protection for districts which are rapidly losing students from their count. The “hold harmless” provision has protected a district from losing more than 3.5% of its student count in a given year. If the number of students continues to decline substantially over time, the 3.5% reduction for subsequent years is applied against the number *counted* the previous year and, thus, over time, a district could be counting a large number of students who don’t actually exist—thus the term, “phantom students”. Act 46 eliminates the hold harmless provision, beginning a phase out in FY’18, but it is re-activated for unified districts that adopt a “side by side” unification such as is recommended here. Although it does not have an immediate impact on the financial status of a new district, it is good protection for a future time should the student count fall dramatically.

Direct Tax Rate Benefits

If this proposal is approved prior to November 30, 2017, taxpayers in the new district receive incentives over the first four years of operation. When the budgets are unified, a new tax rate is determined and that rate is then reduced by a particular amount, beginning the first year of operation and dropping by two cents each year (.08, .06, .04, .02). This new district, along with any other unified districts being created within the White River Valley Supervisory Union, will also share in a \$150,000 “transition grant”.

The committee has considered the tax rate impact of three possible scenarios. The first assumes that a merger is implemented pursuant to this report in July, 2018. The second

would be no merger occurring and the state board not taking any action to merge the districts. The third would be the state board ordering the creation of a new district of unknown size and scope. The committee decided to specifically model tax implications for the first two scenarios. The third is impossible to model given the number of possible variables, including trying to anticipate what towns could be involved in a state-created entity.

Tax estimates for the two scenarios can be found in **Attachment A**. They show the following:

- Both communities are projected to see a decline in tax rates under the unified model, compared to what they would be with no action.
- Over the first four years of the merger, savings for Bethel taxpayers are projected to run \$700-\$600 each year on a house valued at \$200,000. Royalton taxpayers are projected to save \$230-\$100 each year on a similarly- valued house.

Greater efficiency and creative management of resources can free up dollars both to achieve our educational vision and to temper future tax increases. They can also allow for expansion of student opportunity, increased ability to attract and retain excellent staff, and other efforts to enhance the quality, opportunity, and equity of education in the region.

Increased Transparency and Accountability

The effort to reduce the number of districts within the WRVSU will serve the goals of transparency and accountability. Currently, each school district is one of ten in the supervisory union. Each has its own school board meetings, its own budget-building, its own governance processes. It is difficult for individual boards or board members to feel that the administrative structure is accountable to them. The entire system will be more accountable if the number of municipalities in the supervisory union is reduced from 10 to a lower number.

Recommendation

The committee recommends that the State Board and the voters of Bethel and Royalton support this unification. This action will be good for the education of students. It will be good for taxpayers. And in addition, the unification of these towns, as side-by-side districts with at least one other unifying district within the White River Valley Supervisory Union, will exempt these districts from further mandated restructuring by the State Board under Act 46.

ARTICLES OF AGREEMENT

The Bethel-Royalton 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 White River Unified District, hereinafter referred to as the “Unified District”. Both referenced school districts are hereinafter referred to as the “Forming Districts.”

Article 1 Necessary and Advisable Districts

The School Districts of Bethel and Royalton are proposing to come together to create the Unified District. Both current districts are considered necessary for the establishment of the new district.

The Unified District shall become effective on the date this article is approved by a majority vote of the electorates of the necessary districts in meetings warned for the adoption of these articles, and said votes become final per 16 V.S.A. 706g.

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 equal educational opportunity.

Article 3 New School Facilities

No new facilities will be required to create and operate the Unified District.

Article 4 First Year of Operation

4 (a) In the first year that the Unified District is fully operational and providing educational services, students will attend the elementary school (grades K-5) according to town of residence; provided however, with parental consent, the Board of School Directors may allow for student enrollment at a district school other than that located in the town of residence, based on individual student circumstances, and the Superintendent’s determination of capacity to serve the child.

- 4(b) In the first year that the Unified District is fully operational and providing educational services, middle school education (grades 6-8) will be provided at the current Whitcomb Jr.-Sr. High School. A new name for the middle school will be determined by the newly elected school board.
- 4(c) In the first year that the Unified District is fully operational and providing educational services, a comprehensive high school education program (grades 9-12) will be provided at the current South Royaltown School. A new name for the high school will be determined by the newly elected school board.
- 4(d) In the first year, the Unified District will implement an Outdoor Experiential Learning Program that will prepare students for careers in technical and professional fields. The program is designed to provide students with rigorous, place-based learning. It will optimally use resources in both communities.
- 4(e) The new district will design and implement a strong transportation program which will seek to provide reasonable bus commuting times and facilitate participation in curricular and extracurricular activities.
- 4(f) 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, 2018, 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, 2018 until their respective termination dates.
- 4(g) 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.
- 4(h) 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 5 Surpluses and Debts, Special Funds

- 5(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, 2018. The status of both on June 30, 2016 may be found in **Attachment B**.

- 5(b) The Unified District shall assume any and all general operating surpluses and deficits of the forming districts that may exist as of the close of business on June 30, 2018. 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.
- 5(c) 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, 2018. Scholarship funds or like accounts held by school districts or the Supervisory Union prior to June 30, 2018 that have specified conditions of use will be used in accordance with said provisions.
- 5(d) The debt and funds specified above, subject to finalization of audits, shall be transferred to the new Unified District in accordance with procedures and timelines established by the Unified District Board following its organizational meeting, as further discussed in Article 10.

Article 6 Existing School Facilities and Real Property

- 6(a) Transfer of Property to the Unified District.

No later than June 30, 2018, the forming districts that vote to join the Unified District will convey to the Unified District for the sum of One Dollar, and subject to all encumbrances of record, all of their school-owned, school-related real and personal property, including all land, buildings, and contents.

- 6(b) Existing School Facilities

The Unified District shall seek to maximize the use of existing facilities in both communities for the conduct of the educational programs of the district.

No elementary school (grades K-5) shall be closed without 75% vote of the Unified District School Board, and an affirmative vote of the town in which it is located.

- 6(c) Subsequent Sale of Real Property to Towns.

In the event that, and at such subsequent time as, the Unified District Board of Directors determines, in its discretion, that continued possession of the real property, including land and buildings, conveyed to it by one or more town forming districts will not be used in direct delivery of student educational programs, the Unified District shall offer for sale such real property to the town in which such real property is located, for the sum of One Dollar, 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

required by Vermont law, in addition to costs of capital improvements subsequent to July 1, 2018. The conveyance of any of the above school properties 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, the town shall compensate the Unified District for all capital improvements and renovations financed by the Unified District prior to the sale to the town. In the event a town elects not to acquire ownership of such real property, the Unified District shall, pursuant to Vermont statutes, sell the property upon terms and conditions established by the Unified District Board of Directors.

6(d) Investment in Buildings

The Unified District recognizes the investment each town has made in the upkeep and improvement of its school buildings and grounds. If any land and/or building is deemed unnecessary by the new Board, and returned to the town, the condition of such facilities shall be comparable, given standard depreciation, to their current condition at the time of this Agreement.

6(e) Community Use of Buildings

The Unified District shall continue to encourage and allow use of buildings by community groups in a fashion consistent with the past practice in both communities.

The list of specific pieces of real property that will be conveyed to the Unified District, and their valuations, is attached to these articles as **Attachment C**.

Article 7 Board Composition

The Unified District Board of Directors shall be comprised of six members, elected on an at-large basis by Australian Ballot vote of the voters of the Unified District, as follows:

Three (3) Directors shall be elected from candidates nominated by the legal voters of Bethel from among the legal residents of that town;

Three (3) Directors shall be elected from candidates nominated by the legal voters of Royalton from among the legal residents of that town.

All directors shall have equal votes on the Board.

Article 8 Terms of Office of School Directors

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 October 24, 2017, election shall be one, two, or three years respectively, plus the additional months between the date of the Organizational Meeting of the Unified District (16 VSA §706j), when the initial school directors will begin their term of office, and the date of the Unified District’s annual meeting in the spring of 2019, as established under 16 VSA §706j. Thereafter, terms of office shall be three (3) years and shall begin and expire on the date of the Unified District’s Annual Meeting. The following table establishes the expiration dates of the initial terms:

Town/District	2019	2020	2021
Bethel	1	1	1
Royalton	1	1	1
TOTAL	2	2	2

Article 9 Date of Voter Action

The proposal to form a Unified District will be presented to the voters of each forming district on October 24, 2017. The candidates for the new Unified District Board of School Directors will be elected by Australian ballot on October 24, 2017, as required by law. The form of the warning for these votes will be substantially as written in Attachment D. 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 signed by at least 30 voters in that district or one percent of the legal voters in the district, whichever is less and accepted in writing by the nominee. A statement shall be filed not less than 30 nor more than 40 days prior to the date of the vote.

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, 2018. The Unified District Board of School Directors shall, between the date of the affirmative votes and June 30, 2018, 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 2019, prepare and present a budget for Fiscal Year 2019, prepare for the 2018 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 Bethel and Royalton. The new Unified District will begin operating schools and providing educational services on July 1, 2018.

On July 1, 2018, when the Unified District becomes fully operational and begins to provide educational services to students, the school districts of Bethel and Royalton 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, 2018. The Unified District shall continue to be a part of the White River Valley Supervisory Union.

Article 11 Annual Budget and Public Questions

The Unified District shall not adopt its budget by Australian Ballot voting unless and until it votes to do so pursuant to 16 VS A Section 711e and 17 VSA § 2680. Unless required by law, the Unified District shall not act on public questions by Australian Ballot voting unless and until it votes to do so pursuant to 17 VSA § 2680. As provided in Article 7 above, the Unified District will elect directors by Australian Ballot.

Annual school district meetings will be held in locations that alternate between the two towns from year to year.

Article 12 School Councils

The new Unified District Board of School Directors shall create school councils to promote strong connections between communities and individual school buildings.

The Unified District Board of School Directors shall consider the creation of an advisory structure to assure a strong relationship with other districts who tuition students to the schools of the Unified District.

Attachment A

WRVSU PK-12 OPERATING DISTRICT							
Pre-CLA Homestead Tax Comparisons							
		FY 17	FY18	FY19	FY20	FY21	FY22
Unified District FY19							
Bethel		1.712	1.725	1.350	1.420	1.480	1.550
Royalton		1.521	1.466	1.350	1.420	1.480	1.550
* assumes 2% incr in education spending/yr							
* assumes 1% reduction of equalized pupils							
* factors the .08, .06... Reduction in tax rates effective with FY19							
*assumes reduction of \$137,000 in expenses through unification							
*assumes 36 additional tuition students across the new district							
		FY 17	FY18	FY19	FY20	FY21	FY22
No Merger Scenario							
Bethel		1.712	1.725	1.725	1.777	1.831	1.887
Royalton		1.521	1.466	1.469	1.514	1.560	1.607
* assumes 2% incr in education spending/yr							
* assumes 1% reduction of equalized pupils							
*assumes a total of 18 additional tuition students, 9 in each existing district							
Note: This table is for illustration purposes only. These models are estimates and projections. Actual tax rates will vary depending on state policy decisions, actual changes in equalized pupils, decisions of tuition students, and spending decisions of boards.							

Attachment B

Bethel and Royalton School Districts Debts and Balances

DEBT SERVICE SCHEDULES		as of 6/30/16				
Bethel School District		\$	385,000.00	Bond	paid off 6/30/23	
		\$	288,560.00	LT Note	paid off 12/30/17	
Royalton School District		\$	2,320,000.00	Bond	paid off 6/30/29	
SIGNIFICANT FUNDS- BALANCES						
pre-audit FY16						
Bethel School District						
	Building Reserve	\$	40,364.00	\$58,500 to be added in FY17		
Royalton School District						
	Building Reserve	\$	178,149.00	\$40,741 to be added in FY17		

Attachment C

Property to be Transferred

Bethel		Building	Personal Prop	Site Improvements	Computer Equip	Books/Valuables	Mobile equip	Total Insured Value
Elementary School		\$ 3,454,000.00	\$ 220,000.00	\$ 43,900.00	\$ -	\$ -	\$ -	\$ 3,717,900.00
Maintenance Bldg		\$ 38,500.00	\$ 28,000.00	\$ -	\$ -	\$ -	\$ -	\$ 66,500.00
Greenhouse		\$ 22,000.00	\$ 1,100.00	\$ -	\$ -	\$ -	\$ -	\$ 23,100.00
High School		\$ 4,532,629.00	\$ 220,000.00	\$ 31,000.00	\$ -	\$ -	\$ -	\$ 4,783,629.00
Royalton								
Elem/High School		\$ 7,519,000.00	\$ 1,100,000.00	\$ 71,800.00	\$ 100,000.00	\$ 8,000.00	\$ 15,000.00	\$ 8,813,800.00
Dugouts		\$ 150,000.00	\$ 150,000.00	\$ -	\$ -	\$ -	\$ -	\$ 300,000.00

Attachment D
Language for Warning
(Basic format to be used by Bethel and Rochester)

xxx SCHOOL DISTRICT
WARNING
SPECIAL SCHOOL DISTRICT MEETING
October 23, AND October 24, 2017

The legal voters of the xxx Town School District are hereby notified and warned to meet at _____ on Monday, October 23, 2017, at 7:00 PM to discuss the articles set forth below and transact any business not involving voting by Australia Ballot.

Article I:

To discuss the Act 46 Study Committee Report and the articles set forth below.

The meeting shall then be recessed to Tuesday, October 24, 2017, in order to vote on the following articles by Australian ballot. The polls will be open from 7:00 AM to 7:00 PM at the xxx Town School.

Article II:

Shall the voters of the xxx Town School District vote to form the White River Unified District (“Unified District”) on the following terms:

1. The districts listed below shall be identified as “necessary” for the formation of the Unified District (referred to herein as “Forming Districts”):

Bethel Town School District
Royalton Town School District

2. The Unified District shall become effective on the date this article is approved by a majority vote of the electorates of the necessary districts in meetings warned for the adoption of these articles, and said votes become final per 16 V.S.A. 706g.
3. The name of the district shall be the White River Unified District.
4. The Unified District will provide education to all students in grades Pre-K through

Twelve and will operate schools to provide those services for all children within the Unified District commencing July 1, 2018 (“Operation Commencement Date”), provided this article shall have become effective by such date.

5. (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, 2018.

5. (b) The Unified District shall assume any and all general operating surpluses and deficits of the forming school districts that may exist as of the close of business on June 30, 2018. In addition, reserve funds identified for specific purposes will be transferred to the Unified District and will be applied for said purpose unless otherwise determined through appropriate legal procedures.

5. (c) 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, 2018. Scholarship funds or like accounts held by school districts or the Supervisory Union prior to June 30, 2018 that have specified conditions of use will be used in accordance with said provisions.

5(d) The debt and funds specified above, subject to finalization of audits, shall be transferred to the new Unified District in accordance with procedures and timelines established by the Unified District Board following its organizational meeting, as further discussed in Article 10.

6(a) Transfer of Property to the Unified District.

No later than June 30, 2018, the Forming Districts will convey to the Unified District for the sum of One Dollar, and subject to all encumbrances of record, all of their school-owned, school-related real and personal property, including all land, buildings, and contents.

6(b) Existing School Facilities

The Unified District shall seek to maximize the use of existing facilities in both communities for the conduct of the educational programs of the district.

No elementary school (grades K-5) shall be closed without 75% vote of the Unified District School Board, and an affirmative vote of the town in which it is located.

6. (c) In the event that, and at such subsequent time as, the Unified District Board of Directors determines, in its discretion, that continued possession of the real property, including land and buildings, conveyed to it by one or more Forming Districts will not be used in direct delivery of student educational programs, the Unified District shall offer for sale such real property to the town in which such real property is located, for the sum of

One Dollar, 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 required by Vermont law, in addition to costs of capital improvements subsequent to July 1, 2018. The conveyance of any of the above school properties 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, the town shall compensate the Unified District for all capital improvements and renovations financed by the Unified District prior to the sale to the town. In the event a town elects not to acquire ownership of such real property, the Unified District shall, pursuant to Vermont statutes, sell the property upon terms and conditions established by the Unified District Board of Directors.

6(d) Investment in Buildings

The Unified District recognizes the investment each town has made in the upkeep and improvement of its school buildings and grounds. If any land and/or building is deemed unnecessary by the new Board, and returned to the town, the condition of such facilities shall be comparable, given standard depreciation, to their current condition at the time of this Agreement.

6(e) Community Use of Buildings

The Unified District shall continue to encourage and allow use of buildings by community groups in a fashion consistent with the past practice in both communities.

7. The Unified District Board of Directors shall be comprised of six members, elected on an at-large basis by Australian Ballot vote of the voters of the Unified District, as follows:

Three (3) Directors shall be elected from candidates nominated by the legal voters of Bethel from among the legal residents of that town;

Three (3) Directors shall be elected from candidates nominated by the legal voters of Royalton from among the legal residents of that town.

All directors shall have equal votes on the Board.

8. 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 October 24, 2017, election shall be one, two, or three years respectively, plus the additional months between the date of the Organizational Meeting of the Unified District (16 VSA §706j), when the initial school directors will begin their term of office, and the date of the Unified District's annual meeting in the spring of 2019, as established under 16 VSA §706j. Thereafter, terms of office shall be three (3) years and shall begin and expire on the date of the Unified District's Annual Meeting. The

following table establishes the expiration dates of the initial terms:

Town/District	2019	2020	2021
Bethel	1	1	1
Royalton	1	1	1
TOTAL	2	2	2

9. The Unified District shall not adopt its budget by Australian Ballot voting unless and until it votes to do so pursuant to 16 VS A Section 711e and 17 VSA § 2680. Unless required by law, the Unified District shall not act on public questions by Australian Ballot voting unless and until it votes to do so pursuant to 17 VSA § 2680. As provided in Article 7 above, the Unified District will elect directors by Australian Ballot.

Annual school district meetings will be held in locations that alternate between the two towns from year to year.

10. The provisions of the Report and Formation Plan approved by the State Board of Education on _____, 2017, which is on file at the offices of the White River Valley Supervisory Union shall govern the Unified District.

Article III: To elect from the following officers:

- A. Unified District Director from Bethel for a term of 1 year
- B. Unified District Director from Bethel for a term of 2 years
- C. Unified District Director from Bethel for a term of 3 years
- D. Unified District Director from Royalton for a term of 1 year
- E. Unified District Director from Royalton for a term of 2 year
- F. Unified District Director from Royalton for a term of 3 years

The legal voters of xxx Town School District are further notified that voter qualification, registration and absentee voting relative to said annual meeting shall be as provided in Chapter 43, 51, and 55 of Title 17 Vermont Statutes Annotated.

Dated at xxx, Vermont, September __, 2017.

_____, Chair

_____, Clerk
