

AGENCY OF EDUCATION  
Barre, Vermont

**TEAM:** School Governance Team

**ITEM:** Will the State Board of Education find that the proposed unified union school district formed by two member districts of the **WHITE RIVER VALLEY SUPERVISORY UNION** (WRVSU) 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 Chelsea-Tunbridge Study Committee (Study Committee) and to assign the new district, if approved, to the WCSU?

**RECOMMENDED ACTION:**

- 1. That the State Board of Education finds that the proposed formation of a new unified union school district by two member districts of the WRVSU, to be named the FIRST BRANCH UNIFIED SCHOOL 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 Chelsea-Tunbridge 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); Act 153 (2010), Secs. 2-4, as amended; Act 156 (2012), Sec. 15, as amended

**BACKGROUND INFORMATION:**

The WRVSU consists of ten town school districts with five distinct models of governance. Among those are four town school districts, each of which operates a school offering PK/K-12 (Bethel; Chelsea; Rochester; Royalton) and one town school district that operates a school offering education through Grade 8 and pays tuition for Grades 9-12 (Tunbridge).

The proposal now before the State Board involves the Chelsea and Tunbridge School Districts.

After passage of Act 46, the ten WRVSU districts created an exploratory committee to examine options available to them. Based upon the exploratory committee’s work, the districts formed three formal study committees that ultimately presented proposals to the State Board to create:

- The White River Unified School District (PK-12 operating) – Bethel; Rochester; Royalton
- The First Branch Unified School District (PK-8 operating/9-12 tuitioning) – Tunbridge; Chelsea
- The Granville-Hancock Unified District (PK-12 tuitioning) – Granville; Hancock

The State Board approved all three proposals on February 21, 2017. The local school boards presented the proposals to their voters on April 11, 2017. Under the then-current law, the new districts would be eligible for tax rate reductions and other transitional assistance under the Side-by-Side program only if voters approved the White River USD and at least one of the other two proposed districts. Each of the three proposals conditioned creation of the UUSD on eligibility under the Side-by-Side program.

On April 11, the voters in all districts except Royalton approved the proposal before them. Voters in Rochester, Royalton, and Tunbridge filed petitions for reconsideration.<sup>1</sup> The Tunbridge voters did not approve the proposal on reconsideration.

Meetings in Tunbridge conducted before and after the reconsideration vote revealed concern that the proposed articles of agreement did not provide sufficient protection from closure of the elementary school. Rather than warn a second reconsideration vote and attempt to amend the articles after creation of the new UUSD, the Tunbridge and Chelsea School Boards voted to enter into a study committee.

The new study committee met in August and early September and quickly resolved the school closure issue.

## **THE FIRST BRANCH UNIFIED SCHOOL DISTRICT**

The Chelsea-Tunbridge Study Committee proposes the creation of a UUSD that would provide for the PK-12 education of resident students by operating a school or schools offering education through Grade 8 and would pay tuition for students in Grades 9-12 (New Unified District) beginning on July 1, 2018.

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

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

In FY2017, the average daily membership (ADM) of Chelsea was 183.65 and of Tunbridge was: 184, for a combined PK-12 ADM of 367.65. The Bethel and Royalton Districts, which will be voting in October whether to merge, had a combined FY2017 PK-12 ADM of 621.06.

The New Unified District would merge two existing PK-12 town school districts with disparate operating and tuitioning models – Chelsea, which currently operates a school providing all grades and Tunbridge, which currently operates a school providing education through Grade 8 and pays tuition for Grades 9-12. Unification into the proposed model would require the voters in Chelsea simultaneously to agree to discontinue operating grades 9-12.

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<sup>1</sup> For an overview of the votes conducted in Bethel, Rochester, and Royalton, as well as those districts’ subsequent alternative proposals, see Agenda Item O-1 from the May 16, 2017 State Board meeting and Agenda Items S-1 and S-2 from the August 30, 2017 meeting.

If approved by the State Board, the electorate of both districts will vote on November 7, 2017 whether to approve creation of the New Unified District. This vote also serves as a vote of the Chelsea electorate whether to stop operating Grades 9-12 and begin paying tuition per 16 V.S.A. § 822.

In the original proposal approved by the State Board in February, creation of a unified district was contingent on the ability to access tax rate reductions and other transitional assistance under the Side-by-Side program. The proposal before the State Board has no such contingency.

The proposal is identical to the one the Board approved in February, except in two significant aspects:<sup>2</sup>

- The unified middle school program would not begin in the first year of operation. Instead, the New Unified District will “collaboratively strengthen the middle school experience for all students. The Unified Board will fully explore a merged middle school for the 2019-2020 school year.”
- A currently operating school building could be closed only by (1) a majority vote of the board of the New Unified District and (2) approval by the voters of the town in which the building is located. .

Although similar to its original proposal, the revised proposal now before the State Board eliminates the combined middle school program in the first year of operation, replacing it with the more vague instruction to “fully explore” the concept for 2019-2020. In addition, the new proposal restricts the Unified Board’s ability to make decisions that are in the best interests of all students in the district by allowing the voters in a single town to veto closure of a school building not just for the typical four or five year, but for all time going forward. Both of these changes diminish the New Unified District’s ability to make use of the flexibility inherent in a unified system.

It is also interesting to review the following table, which shows the projected tax rates for Chelsea and Tunbridge if they do not merge; the projected unified rates (reflecting tax rate reductions) if they do merge into a district that operates PK-8 and pays tuition for 9-12; and the projected unified rates (also with reductions) for the initial Royalton-Bethel-Rochester proposal for a PK-12 operating district, which Chelsea and Tunbridge declined to join.

**Table 1: Estimate Pre-CLA Homestead Tax Rate Comparison, Based on Numbers Presented in Study Committees’ Proposals**

	FY18	FY19	FY20	FY21	FY22
No Merger – Chelsea	1.66	1.79	1.89	1.96	2.04
No Merger – Tunbridge	1.63	1.73	1.79	1.84	1.92
Chelsea-Tunbridge Merger (current proposal)		1.62	1.69	1.76	1.84
Original Bethel-Rochester-Royalton	1.65	1.49	1.55	1.62	1.69

<sup>2</sup> See Agenda Item Q-2 from the February 21, 2017 State Board meeting for a detailed discussion of that proposal.

For additional reference, note the change in student population in these towns from 1997 to 2014, as shown in the table below. A primary reason for tax rate increases in these towns over time is that the funding formula equalizes the ability of towns to raise revenue on a per pupil basis. As these towns have lost students, they have had to make a greater tax effort in order to maintain the same level of programming.

	K-12			
	ADM in FY97	ADM in FY17	# change	% change
Chelsea	229	165	64	-28%
Tunbridge	224	164	60	-27%

As individual towns choose to spend more, even in the face of declining pupil counts, the cost of education increases statewide. This is not a sustainable strategy. Plans that do not address this issue in the long run effectively contribute to the current statewide problem of affordability, making it difficult for the State to drive economic growth at the State level. For this reason, the Agency is disappointed this plan does not, at a minimum, make a concrete commitment to expanding opportunities at a lower cost for 7<sup>th</sup> and 8<sup>th</sup> grade students as did the districts' earlier proposal.

Finally, if the voters create the New Unified District, it is reasonable to assume that Grade 9-12 students living in Chelsea will begin to enroll in many of the same schools in which Tunbridge students now enroll. Table 2 below shows the locations of Tunbridge's FY2016 tuitioned students.

**Table 2: FY2016 Grade 9-12 Tuitioned Students from Tunbridge**

School	FTE Students	Minutes	Miles
Bethel	1.00	24	15.5
Chelsea	5.03	8	5.5
Dresden School District	3.00	48	38
Hartford	1.00	35	29
Randolph	2.00	29	18
Royalton	14.23	13	8
Sharon Academy	16.00	15	11
The Initiative: A VT Waldorf HS	2.00	49	32
Thetford Academy	2.00	37	26

**POLICY IMPLICATIONS:**

See Agenda Item Q-2 from the February 21, 2017 State Board meeting, including the Report at pages 46-49, Attachments A & B, and appendices A-C, for details regarding the educational and fiscal implications of the original proposal.

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.

As with other proposals now before the State Board, we note for the record that (1) the proposal does not take significant steps to address tax rate volatility and affordability and (2) the ongoing challenges of scale and the proposal's restrictions on flexibility diminish opportunities for savings and strengthening of programs and opportunities. We anticipate that the New Unified District will need to continue to evaluate ways in which it can work to achieve long-term sustainability.

**STAFF AVAILABLE:**

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

Brad James, Education Finance Manager

**Adopted 9/7/17**

**REPORT OF THE CHELSEA-TUNBRIDGE STUDY COMMITTEE  
Presented to the State Board of Education  
September 20, 2017**

**Committee Proposal**

The study committee is proposing the creation of a new union school district that will include the current districts of Chelsea and Tunbridge. The district will be known as the First Branch Unified School District. It will operate grades K-8 and tuition students grades 9-12. The new district will have a single school board, a single budget, and a single pre-CLA tax rate.

The School Districts of Tunbridge and Chelsea both are considered “necessary” districts and both must approve this proposal to establish the Unified District. The above-referenced school districts are hereinafter referred to as the “Forming Districts”.

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

The creation of this district is also contingent on the voters of Chelsea agreeing to cease operation of grades 9-12, and to tuition their students to high schools of the family’s choice, effective July 1, 2018. If the voters of the Chelsea School District vote to approve establishment of the Unified District as provided herein, such vote shall authorize the Chelsea School District Board of School Directors to discontinue operation of a school for grades 9-12 and allow the Unified District to pay tuition for students to high schools of the family’s choice, in accordance with 16 V.S.A. Section 822(a)(1).

It is expected that the Unified District will be created as a side-by-side structure simultaneous with at least one other unified district within the White River Valley Supervisory Union, thereby qualifying for the incentives and supports of Act 46.

**Committee Membership and Charge**

This study committee was created by Chelsea and Tunbridge “to analyze the advisability of forming a union school district under Act 46.” The committee was created through votes on the following dates and the following membership was agreed upon:

District	Date	Eq.Pupils	%	Votes
Chelsea	8/31/17	173.14	50%	5
Tunbridge	8/31/17	173.07	50%	5

Members include:

Chelsea: Debra Ackerman, Emily Marshia, Sue Kay, Erik Anderson, Bill Smith

Tunbridge: Kathy Galluzzo, Jena Young, Erin Webster-Chambers, Betsy Race, Maryann Caron

The Committee has been supported by: Bruce Labs (Superintendent), Scott Farnsworth (Tunbridge Principal), Mark Blount (Chelsea Principal), Ashley Barnhart (Business Manager), and Steve Dale and Donna Benoit (Consultants).

## Background

An initial version of this proposal was submitted to the State Board and approved on February 22, 2017. A vote was held in both communities on April 11 and passed in both communities as follows:

<u>Town</u>	<u>Yes</u>	<u>No</u>
Chelsea	173	78
Tunbridge	151	109

Prior to the vote being certified in both towns, a reconsideration was petitioned for in Tunbridge and the vote was held on June 29, 2017. The result of that vote was that the original approval was overturned on a vote of 160 yes to 164 no, resulting in the defeat of the proposal overall.

Given the very close vote on the Tunbridge reconsideration, both communities believe that a merger is possible and desirable and have created a new study committee to propose adoption of a similar plan, but with two important changes. The first involves more restrictive language on the closure of a school building, if that was ever to be contemplated. The second involves being more clear that in the fall of 2018, both schools will continue to operate PK-8 and that the new district will fully explore the possibility of a merged middle school program for the 2019-20 school year. This document is similar to the original version, but with updated financial data and with several changes in articles 4(a), 4(b), and 6(b).

## Description of the New District

This new district will be formed by the unification of the Tunbridge and Chelsea School Districts. The two districts are located along the First Branch of the White River. They are contiguous communities of nearly identical size. Their populations in the 2010 US Census were:

Chelsea	1238
Tunbridge	1284

Student counts have been equal also.

<b>ADM by Grade Level, December, 2015</b>						
<b>District</b>	<b>EEE</b>	<b>PK</b>	<b>Grades K-5</b>	<b>Grades 6-8</b>	<b>Grades 9-12</b>	<b>Total</b>
Chelsea	4	15	77	33	48	177
Tunbridge	3	7	75	33	55	173
<b>Totals</b>	<b>7</b>	<b>22</b>	<b>152</b>	<b>66</b>	<b>103</b>	<b>350</b>

The two communities have a long history of close interaction. The two elementary and middle schools have, in recent years, sought to collaborate around the provision of programs. They have collaborated in fielding sports teams, in the delivery of PK, and in operating the Farm-to-School Program. They have jointly operated a summer day camp for K-5 students, the First Schools Grant, the Fall Exploratorium, and the regional portion of the One Planet Program. Both school boards have been connected for years through a common supervisory union. Over the past two years, the two district boards have been meeting together regularly at the same time and place. A number of Tunbridge students have historically attended Chelsea High School.

The biggest challenge to unification is the fact that Chelsea and Tunbridge have differing delivery models. Tunbridge has long provided school choice for its high school students. Chelsea has operated its own high school for over 100 years. The unification proposal includes a recommendation to the Chelsea district to close its high school and offer choice in grades 9-12, contingent on the creation of a union school district.



## **Fulfilling the goals of Act 46**

Unification creates a substantial opportunity for achieving the goals of Act 46. In so doing, we believe that our towns can be attractive destinations for families to live and children to learn. We envision more young families choosing to reside in our towns. The unification of education will also unify our towns in many other ways, allowing us to benefit from each other's traditions and creating a stronger basis for social and cultural connections.

### ***Improving Education Quality, Opportunity, and Equity***

#### **A Vision for Education in Tunbridge and Chelsea**

The committee envisions a district that can provide a much stronger program for students at all levels. The programs of the district will be consistent with the overall strategic plan of the White River Valley Supervisory Union and will continue to have strong collaborative relationships with the other districts in the SU. Equity will be achieved across the two towns with the expansion of offerings. The district will be large enough to seek stronger connections with the human services system.

#### ***High School, Grades 9-12***

The vision for high school is to provide choice for all students in grades 9-12. A number of high schools are available within a reasonable distance. The new unified high school program proposed for the White River Valley will be an attractive option for many. The new high school within the supervisory union will likely offer transportation up Route 110 to serve high school students in this new district.

In addition, there are numerous public high schools, career and tech centers and independent high schools within a 30 mile radius of Chelsea and Tunbridge available to meet the diverse needs of students in these communities.

In order for this unification to proceed, Chelsea voters will need to approve the closure of Chelsea High School and the tuitioning of students grades 9-12. Closing a high school after 100 years is a difficult decision. The Chelsea board and committee members believe that this is the best decision, both for students and for taxpayers. The enrollment at the school has fallen in recent years. Last year, the high school served 48 Chelsea students and 10 tuition students. These small numbers meant that offerings were limited and the cost per student was relatively high. The proposed plan for high school education addresses both concerns.

### ***Middle School, Grades 6-8***

In the first year, the District will operate a K-8 program in each school. The unified district will collaboratively strengthen the middle school experience for all students to better focus the approach and offerings on the needs of middle school-aged students. The Unified Board will fully explore a merged middle school for the 2019-2020 school year. The design of middle school education and the associated staff development will be done in conjunction with the supervisory union and other middle school programs within the supervisory union.

We envision a middle school education that:

- Focuses on the needs of this age group—high energy, hands-on, project-based learning.
- Expands the range of curricular offerings and extra-curricular options.
- Provides students a larger social peer group and larger class groupings to enhance learning.
- Provides teachers with greater support and flexibility.

Opportunities to explore might include:

- Offering foreign languages.
- Offering music, art, and theater options.
- Enhancing physical education and health offerings.
- Providing tech. ed. and family and consumer science.
- Offering outdoor learning.
- Online learning and computer technology education.

### ***Elementary School, Grades PK-5***

Elementary education will be enhanced by a unified staff and programs being administered under one district structure. Students and parents will have a process available to them that allows for greater choice in matching student need to particular offerings or buildings.

It is expected that the efficiencies that come from unifying will create greater capacity to meet the diverse needs of all children. As the middle school program develops, enhancements in world languages, outdoor education, music and the arts and other areas of interest will develop in the elementary program as well.

## **Achieving Efficiency and Sustainability**

Part of our obligation is not just to deal with today's immediate budget issues, but to design a district that can be efficient and sustainable over the long-run, regardless of whether we continue to experience a decline in student numbers.

Historically, these two communities have had a similar cost-per-student at the elementary and middle school levels. In recent years, due to declining enrollment and the state requirements for operating a high school, Chelsea has had a somewhat higher overall cost-per-student and

therefore, a higher tax rate. Below is a chart showing the history of equalized pupil count and expenditure per equalized pupil. The chart simply illustrates what combined equalized pupils and cost per equalized pupil would have looked like over the past few years. It does not reflect any potential efficiencies from a union district, nor does it reflect the expected reductions in cost from tuitioning Chelsea high school students in the first year.

<b>CHELSEA-TUNBRIDGE</b>						
<b>FY 13 THRU FY 17</b>						
<b>EQUALIZED PUPILS/COST PER EQUALIZED PUPIL</b>						
		<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
Chelsea	Equalized pupils	147.88	148.6	169.55	179.42	173.14
	Cost per Eq Pup.	\$ 13,674	\$ 13,969	\$ 13,742	\$ 15,089	\$ 16,016
Tunbridge	Equalized pupils	179.13	182.24	185.85	179.54	173.07
	Cost per Eq Pup.	\$ 12,634	\$ 13,426	\$ 14,014	\$ 15,216	\$ 15,431
Total	Equalized pupils	327.01	330.84	355.4	358.96	346.21
	Cost per Eq Pup.	\$ 13,104	\$ 13,670	\$ 13,884	\$ 15,153	\$ 15,724

The financial advantages of unification are as follows:

1. Local homestead tax rates are driven in part by the expenditure per student. Very small districts are subject to significant swings in student count (by percentage). Unification will double the size of the district and make it less prone to swings in student count, which can affect tax rates. In essence, unification creates a larger “risk pool”, stabilizing costs per pupil.
2. Unification as a “side-by-side” will allow both towns to keep their small schools grants as “merger support grants”. It is estimated that the amount of the aggregate “merger support grant”, after the closure of the Chelsea high school, will be \$191,350. If the districts choose not to unify, those grants are at risk of being lost.
3. The new district will be allowed to benefit from the “hold harmless” feature of the state’s finance system. When student count drops suddenly, districts have been protected from losing more than 3.5% of their Average Daily Membership (ADM) in a given year. Historically, both districts have benefitted from that feature, which has reduced tax rates for both towns. Act 46 eliminates that protection, unless a new district is created under certain circumstances, such as the one proposed for these districts.

4. Taxpayers in the new district receive incentives over the first four years of operation (.08, .06, .04, .02)
5. Combining the two districts makes possible greater efficiencies in operation over time. As planning is conducted by the future board, efficiencies will be found and will either be invested in additional student opportunities or will result in reduced spending.

A model of projected tax rates going into the future can be found in **Attachment A**.

Greater efficiency and creative management of resources can free up dollars both to temper future tax increases and can also allow for expansion of student opportunity, enhancing the district's ability to attract and retain staff, and other efforts to enhance the quality, opportunity, and equity of education in the region.

### ***Increasing 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 Chelsea and Tunbridge 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 Tunbridge and Chelsea, as side-by-side districts with another unified district within the White River Valley Supervisory Union, will exempt us from further mandated restructuring by the State Board under Act 46.

## **ARTICLES OF AGREEMENT**

The Study Committee recommends that the following Articles of Agreement be presented to the electorates of Tunbridge and Chelsea in order to create a unified union district to be named The First Branch Unified School District, hereinafter referred to as the “Unified District”. Both of the referenced school districts are hereinafter referred to as the “Forming Districts.”

### **Article 1 Necessary and Advisable Districts**

Chelsea and Tunbridge are coming 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 both Forming Districts in meetings warned for the adoption of these articles, and said votes become final per 16 V.S.A. 706g.

The creation of this district is also contingent on the voters of Chelsea agreeing to cease operation of grades 9-12, and to tuition their students to high schools of the family’s choice, effective July 1, 2018. If the voters of the Chelsea School District vote to approve establishment of the Unified District as provided herein, such vote shall authorize the Chelsea School District Board of School Directors to discontinue operation of a school for grades 9-12 and allow the Unified District to pay tuition for students to high schools of the family’s choice, in accordance with 16 V.S.A. Section 822(a)(1).

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

The Unified District will offer education to students in Pre-K through grade 8. High School will be provided by tuitioning students to high schools selected by families, pursuant to provisions of state law. The Unified District is committed to providing its students with equal educational opportunity.

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

No new school facilities will be required to create the unified district.

### **Article 4 First Year of Operation**

4 (a) In the first year that the Unified District is fully operational, the District will operate a K-8 school in each community. Students will attend the school according to town of residence, provided, however, at parent request, the Board of School Directors may

adjust student enrollment based on individual student circumstances and the Superintendent's determination of capacity to serve the child. The two schools will collaborate to strengthen and expand opportunities for all students.

- 4(b) The Unified District will collaboratively strengthen the middle school experience for all students. The Unified Board will fully explore a merged middle school for the 2019-2020 school year.
- 4 (c) 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 (d) The Unified District will provide for the transportation of students in grades K-8, 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 (e) 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.
- 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 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 11.
- 5 (d) 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.

## **Article 6 Existing School Facilities and Real Property**

- 6 (a) 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-related real and personal property, including all land, buildings, and contents.
- 6 (b) No School building shall be closed without a majority vote of the Unified District Board of School Directors and an affirmative vote by Australian ballot 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 are unnecessary to the continued operation of the Unified District and its educational programs, the Union 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/City owning and utilizing the real property for community and public purposes for a minimum of five years. In the event a Town/City elects to sell the real property prior to five years of ownership, the Town/City shall compensate the Unified District for all capital improvements and renovations completed after the formation of the Unified District and before the sale to the Town/City. In the event 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) 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 B**.

## **Article 7 Board Composition**

The Unified District Board of Directors shall be composed of six (6) 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 Chelsea; and

Three (3) Directors shall be elected from candidates nominated by the legal voters of Tunbridge.

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 November 7, 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 2018, 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
Chelsea	1	1	1
Tunbridge	1	1	1

## Article 9 Date of Voter Action

The proposal to form a Unified District will be presented to the voters of each forming district on November 7, 2017. The candidates for the new Unified District Board of School Directors will be elected by Australian ballot on November 7, 2017 as required by law. The form of the warning for these voters will be substantially as presented in **Attachment C**. 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 Tunbridge and, Chelsea. 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 Tunbridge and Chelsea 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**

Following establishment of the new district, budgets, public questions, and the election of subsequent school directors shall be conducted at meetings of the new unified school district, pursuant to 16 VSA section 562. The school board of the Unified District shall prepare and present a budget to the electorate for consideration at its annual meeting.

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

## Attachment A

### Pre-CLA Homestead Tax Rate Projections

<b>Chelsea-Tunbridge Unified School District</b>						
<b>Pre-CLA Homestead Tax Comparisons</b>						
	FY 18	FY19	FY20	FY21	FY22	FY23
<b>No Merger Scenario</b>						
Chelsea	1.66	1.79	1.89	1.96	2.04	2.12
Tunbridge	1.63	1.73	1.79	1.84	1.92	2.00
* assumes loss/reduction of hold harmless						
* loss of small schools grant						
* assumes 2% incr in education spending/yr						
* assumes 1% reduction of equalized pupils						
	FY 18	FY19	FY20	FY21	FY22	FY23
<b>Unified District FY19</b>						
Chelsea	1.66	1.62	1.69	1.76	1.84	1.91
Tunbridge	1.63	1.62	1.69	1.76	1.84	1.91
*assumes retaining hold harmless						
*assumes retaining small schools grants						
* assumes 2% incr in education spending/yr						
* assumes 1% reduction of equalized pupils						
* factors the .08, .06.... Reduction in tax rates effective with FY19						
	FY18	FY19	FY20	FY21	FY22	FY23
<b>State Created District FY20</b>						
Chelsea	1.66	1.79	1.83	1.91	1.98	2.06
Tunbridge	1.63	1.73	1.83	1.91	1.98	2.06
* assumes loss/reduction of hold harmless						
* loss of small schools grant						
* assumes 2% incr in education spending/yr						
* assumes 1% reduction of equalized pupils						
<b>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, and spending decisions of boards. Note also that these tax estimates do not include possible excess penalties, particularly for Chelsea in the "No Mergers" scenario.</b>						

## Attachment B

### Property to be Transferred to the Unified District

Property Valuation 7/1/16								
	Building	Personal Property	Site Improvements	Computer Equipment	Books/ Valuables	Mobile Equipment	Total Insured Value	
<b>Chelsea</b>								
Main Building	\$ 3,816,600	\$ 742,500	\$ 33,492	\$ 75,000	\$ 5,000	\$ 55,000	\$ 4,727,592	
Gymnasium	\$ 1,596,700	\$ 160,000	\$ -	\$ -	\$ -	\$ -	\$ 1,756,700	
<b>Tunbridge</b>								
Main Building	\$ 3,526,600	\$ 788,000	\$ 41,400	\$ 40,000	\$ 8,000	\$ 15,000	\$ 4,419,000	

## Attachment C: Language for Warning

\_\_\_\_\_ TOWN SCHOOL DISTRICT  
 WARNING  
 SPECIAL SCHOOL DISTRICT MEETING  
 November 6-7, 2017

The legal voters of the \_\_\_\_\_ Town School District are hereby notified and warned to meet at \_\_\_\_\_ on Monday, November 6, 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, November 7, 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 \_\_\_\_\_ Town Hall.

**Article II:**

Shall the voters of the \_\_\_\_\_ Town School District vote to form the First Branch Unified School 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”):

Chelsea Town School District  
 Tunbridge 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 both Forming Districts in meetings warned for the adoption of these articles, and said votes become final per 16 V.S.A. 706g.

The creation of this district is also contingent on the voters of Chelsea agreeing to cease operation of grades 9-12, and to tuition their students to high schools of the family's choice, effective July 1, 2018. If the voters of the Chelsea School District vote to approve establishment of the Unified District as provided herein, such vote shall authorize the Chelsea School District Board of School Directors to discontinue operation of a school for grades 9-12 and allow the Unified District to pay tuition for students to high schools of the family's choice, in accordance with 16 V.S.A. Section 822(a)(1).

3. The name of the district shall be the First Branch Unified School District.

4. The Unified District shall commence operations on July 1, 2018 provided this article shall have become effective by such date. In the first year that the Unified District is fully operational, the District will operate a K-8 school in each community. Students will attend the school according to town of residence, provided, however, at parent request, the Board of School Directors may adjust student enrollment based on individual student circumstances and the Superintendent's determination of capacity to serve the child.

5. The Unified District will provide education to all students in grades Pre-K through Twelve. The Unified District will operate grades K-8 and will provide services to students in grades 9-12 by tuitioning students to programs determined by parents within the parameters of district policy.

6. (a) The Unified District will assume all capital debt of the forming school districts including both principal and interest, as may exist at the close of business on June 30, 2018.

6. (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.

6. (c) 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 11.

6. (d) 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.

7. (a) 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-related real and personal property, including all land, buildings, and contents.

7 (b) No School building shall be closed without a majority vote of the Unified District Board of School Directors and an affirmative vote by Australian ballot of the town in which it is located.

7 (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 are unnecessary to the continued operation of the Unified District and its educational programs, the Union 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/City owning and utilizing the real property for community and public purposes for a minimum of five years. In the event a Town/City elects to sell the real property prior to five years of ownership, the Town/City shall compensate the Unified District for all capital improvements and renovations completed after the formation of the Unified District and before the sale to the Town/City. In the event 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.

8. The Unified District Board of Directors shall be composed of six (6) members who will initially be elected by Australian ballot on an at-large basis by all voters (at-large) of the Unified District. Thereafter, the Board of Directors shall be elected by all voters of the Unified District at a floor meeting. The Board of Directors shall be comprised as follows:

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

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

All directors shall have equal votes on the Board.

9. Following establishment of the new district, budgets, public questions, and the election of subsequent school directors shall be conducted at meetings of the new unified school district, pursuant to 16 VSA section 562. The school board of the Unified District shall prepare and present a budget to the electorate for consideration at its annual meeting.

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:

- Unified District Director from Chelsea for a term of 1 year
- Unified District Director from Tunbridge for a term of 1 year
- Unified District Director from Chelsea for a term of 2 years
- Unified District Director from Tunbridge for a term of 2 years

Unified District Director from Chelsea for a terms of 3 years  
Unified District Director from Tunbridge for a term of 3 years

The legal voters of \_\_\_\_\_ 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 \_\_\_\_\_, Vermont, September \_\_\_\_, 2017.

\_\_\_\_\_, Chair

\_\_\_\_\_, Clerk

\_\_\_\_\_