

**A Comprehensive Report and Articles of Agreement for
Merger and Self Studies of the Following Supervisory
Unions and School Districts:**

**Rutland Central Supervisory Union
Rutland Southwest Supervisory Union
Ira
Middletown Springs
Poultney
Proctor
Rutland Town
Wells
West Rutland**

Submitted by the RCSU/RSWSU Act 46 Study Committee

November, 2016

RCSU/RSWSU Act 46 Study Committee

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Preamble of the RCSU/RSWSU Comprehensive Report

The following comprehensive study and report of the RCSU/RSWSU Act 46 Study Committee is the product of over one and a half years of study by the Rutland Central and Rutland Southwest Supervisory Unions, both independently and collectively. During the first six months of study both supervisory unions were working independently to investigate pathways to unification. The seven districts in both supervisory unions concluded that a joint effort and study would best meet the needs of all member districts.

The study you are about to review was predated by an extensive amount of inquiries and meetings with other school districts in the surrounding areas. After comprehensive exploration, negotiations, and community decisions, the study committee believes this plan will best meet the needs of all children in the seven participating districts.

The plan presented is inclusive and does not leave any school districts isolated. Looking at the Rutland County region, the Rutland City School District borders to the east, the newly merged Mill River Unified Union is on the southern boundary, to the west is the Addison/Rutland Supervisory Union, which has a plan before the State Board of Education to unify, and on the northern boundary is the Rutland Northeast Unified Union. This leaves Rutland Central and Rutland Southwest Supervisory Unions on a virtual island between and among the four supervisory districts and unions described above.

The Act 46 Study Committee is suggesting to the Vermont State Board of Education that Rutland Central and Rutland Southwest Supervisory Unions be merged and a new supervisory union formed. They are also recommending that seven school districts be reduced to four through the implementation of a "side by side" and the approval of two self-study reports from isolated and disparate governance structures. The first side of the "side by side" would be the unification of three Pre-K through twelve districts bringing together the school districts of Poultney, Proctor and West Rutland as the Quarry Valley Unified Union District. The second side would be the unification of two Pre-K through six districts bringing together the Middletown Springs and Wells School Districts as the Well Springs Unified Union District. The inclusion of two self-studies (the Ira School District, non-operating and the Rutland Town School District, Pre-K through eight) are extremely important to the new Supervisory Union and would leave no district isolated.

The members of the RCSU/RSWSU Act 46 Study Committee voted unanimously to all of the following motions:

- To approve the “Articles of Agreement” for the Poultney, Proctor, and West Rutland unification.
- To approve the “Articles of Agreement” for the Middletown Springs and Wells unification.
- To recommend and strongly support the approval of the Rutland Town Self Study and the Ira Self Study as an integral component of this comprehensive report to the VTSBE.
- To recommend and strongly support the creation of a newly merged SU incorporating all of the districts who are members of RCSU and RSWSU.

You will see evidence and data throughout the report that supports this comprehensive proposal. There are many moving pieces that must fit for this structure to be successful. Both sides of the “side by side” must have positive votes. The self-studies for both Alternative Structures would need to be approved to leave no districts isolated and also to give the new Supervisory Union sufficient student numbers to be efficient and effective. These two supervisory unions and seven school districts have done due diligence in all areas of the study and worked collaboratively to present this plan. Thank you for accepting our report and we look forward to our presentation to you in January.

Conclusion

The comprehensive study and report for the RCSU/RSWSU Act 46 Study Committee including Ira, Middletown Springs, Poultney, Proctor, Rutland Town, Wells and West Rutland has demonstrated a practical, regionally compatible and statutorily compliant plan, which, the study committee believes will best meet the needs of all children in the seven participating districts.

The plan presented is inclusive and does not leave any school districts isolated. Looking at the Rutland County region, the Rutland City School District borders to the east, the newly merged Rutland South Unified Union is on the southern boundary, to the west is the Addison/Rutland Supervisory Union, which has a plan before the State Board of Education to unify, and on the northern boundary is the Rutland Northeast Supervisory Union including two unified union districts. This leaves RCSU and RSWSU on a virtual island between and among the four supervisory districts and unions described above.

First, the plan proposes the merger of Poultney, Proctor and West Rutland into one PK-12 Quarry Valley Unified Union School District of 988 students and five school buildings. This unique and statutorily contemplated merger allows greater educational opportunity, improved services and supports as well as expanded efficiencies through shared governance. The Quarry Valley Unified Union School District shall serve all students in the three member towns collectively and equitably.

Second, the plan proposes the merger of Middletown Springs and Wells into one PK-6 Wells Springs Unified Union School District of 273 students who are proposing open secondary school choice for all students in grades 7-12. This merger of like structured districts provides opportunities for shared staff, enhanced programs and increased educational opportunities. This two district merger presents a second side to the Quarry Valley Unified Union side noted above.

Third, the plan proposes the inclusion of Ira as a stand-alone district within the newly merged supervisory union. As described in the self-study included in this report, Ira is a PK-12 district with 45 students which is non-operating. The students are served in twelve districts and four supervisory unions. Extensive outreach and exploration has led to the conclusion that there are no other non-operating districts in the vicinity. In addition, the limited services of the central office are best localized and that costs per pupil would be increased with a remote merger. Ira School District has been treated equitably by RSWSU, matching the SU assessment to their limited service needs.

Fourth, the plan proposes the inclusion of Rutland Town School as a stand-alone district within the newly merged supervisory union. As detailed in the self-study included in this report, Rutland Town is a PK-8 district of 511 students with open secondary school choice for students in grades 9-12. As the self-study details, Rutland Town School has benefited greatly from membership in Rutland Central Supervisory Union as evidenced in their excellent student outcomes, technology infrastructure as well as several centralized services and supports which enable the School Board to attain goals and provide a robust education at a cost that taxpayers value. In fact, Rutland Town School is so inextricably linked to RCSU, that any change in that association would come a great cost and undoubtedly reduce student opportunities.

The Rutland Central Supervisory Union and Rutland Southwest Supervisory Union both recently voluntarily participated in the state's pilot education quality review and while the reports have not been disseminated as of this writing, both received positive initial feedback from the quality team, verifying that our SU's have substantially met the VT Education Quality Standards.

The Act 46 Study Committee strongly recommends to the VTSBE the Rutland Central and Rutland Southwest Supervisory Unions be merged, forming a new supervisory union. They have also recommended that seven school districts be reduced to four through the implementation of a "side by side" and the approval of two self-study reports from isolated and disparate governance structures. The inclusion of two self-studies (the Ira School District; non-operating) and (the Rutland Town School District; Pre-K through eight) are extremely important to the new Supervisory Union and would leave no district isolated.

The report has provided evidence and data throughout that supports this comprehensive proposal. The proposed side-by-sides will merge five districts into two and the self-studies for both Alternative Structures would need to be approved to leave no districts isolated and also to give the newly merged Supervisory Union sufficient student numbers to be efficient and effective. These two supervisory unions and seven school districts have done due diligence in all areas of the study and worked collaboratively to present this plan with the unanimous approval of the RCSU/RSWSU Act 46 Study Committee. Thank you for accepting our report and we look forward to our presentation to you in January.

SELF STUDIES

**Ira School District
Rutland Town School District**

The Rutland Central SU / Rutland Southwest SU Study Committee has presented a comprehensive proposal to merge the two supervisory unions and seven districts into a single supervisory union with four districts: two new unified union school districts and two districts that would not change their current structure (the Rutland Town School District and the Ira School District).

Both the Ira and Rutland Town School Districts completed a self-study pursuant to the requirements of Act 46 of 2015, Sec. 9. Although it would be premature for the State Board to act upon the self-study reports of the Rutland Town and Ira districts at this time, both studies are components of the Study Committee's comprehensive proposal.

Both self-studies, together with their executive summaries, are attached. Appendices to the Ira self-study are also included. The Rutland Town self-study appendices are voluminous and are not attached at this time, but can be viewed at the Agency offices.

Executive Summary
Ira School District
Self-Study Alternative Structure

On August 24, 2011, board members for all of the Rutland Southwest Supervisory Union districts (Ira, Middletown Springs, Poultney, Tinmouth (until 2014), and Wells) met for the first time to discuss Act 153. The committee met every other or third month until Act 46 was passed. In January of 2012, the Act 153 Committee put together Act 153 Talking Points which highlighted findings and recommendations for improved learning opportunities, containing costs, and increasing efficiencies in operations. A list of strategies to meet these target areas was established for all of the districts. The committee even considered forming a Regional Education District in 2014 and 2015.

In the spring of 2015, all of the RSWSU member district board members met with Harry Frank of the Vermont School Boards Association to define the priorities for the school districts as they considered their options and the implementation of Act 46. In August 2015, the RSWSU Board accepted a proposal by SES Study Team, a New York Education Consulting Firm, to conduct a comprehensive study, which was shared with the four communities in January 2016. The report gave the communities governance and reorganization options that would enhance educational opportunities for students, while reducing costs to the taxpayers. An analysis of the data collected showed trends in the communities in terms of demographics as well as school data.

RSWSU Boards discussed merger possibilities, however, each had a different structure (Ira – non-operating PreK-12; Middletown Springs – PreK-6 with 7-12 choice; Poultney – PreK-12, and Wells – PreK-6 with designation to Granville, New York or tuition up to the base education rate for those not choosing the designated schools). There were no natural partners within the RSWSU. As a result, each district began to meet with superintendents and/or school boards outside the RSWSU.

The Ira Board supported the governance study conducted by SES Consultants in the fall of 2015. The results of this comprehensive study can be found on the RSWSU website at rswsu.org. Their task was to determine if governance or reorganizational efficiencies could be increased. The report provides data about the district capacity, potential savings, possible patterns, and partnerships.

In October 2015, the RSWSU superintendent attended an informal session at the VSBA/VSA Conference about the implications of Act 46 on non-operating districts. Merging non-operating districts across Vermont or in regions was discussed. There was an opportunity to meet with Pittsfield and Hancock Board members who were regionally connected to Ira.

In November, Battenkill Valley Supervisory Union and Rutland Southwest Supervisory Union met together to explore the possibility of creating a partnership since Arlington and Poultney each operated a PreK-12 district and Sandgate and Ira were non-operating districts. The distance between the school districts was a barrier to merging for a host of reasons including oversight of special needs students, too far to share faculty, and the distance to Board meetings among many others.

Letters were sent by the Ira Board to other non-operating districts: Granville, Hancock, Pittsfield, Plymouth, Sandgate, Winhall, and Stratton in January 2016 inviting them to participate in an Act 46 discussion about possible partnership. In February, an Ira Board member and superintendent met with the consultant working to create a Regional Education District with Granville, Plymouth, Hancock, and Pittsfield to discuss the possibility of Ira joining their study.

Several financial models were explored. In the first four years, Ira's tax rate rose by the 5% maximum, but then rose 76% in year 5 in Model #2 (see appendices). The merger would increase the tax rate significantly without any benefit to students.

Ira members then met with Winhall, Stratton, Sandgate, and North Bennington board members and superintendents to explore the possibility of creating a RED. In addition to the projected large increase in tax rates, the supervisory union assessments to the non-operating districts and the ability to provide adequate involvement in supervising students with needs/handicaps from such a distance was seen as non-acceptable by the Ira Board.

At the 2016 Ira Town Meeting and at the March 18, 2016 community forum, community members and parents expressed their support for maintaining PreK-12 choice for all Ira students. This sentiment was also repeated at the April 27, 2016 community forum. Due to the high cost of merging with like districts and its geographic isolation from other non-operating districts, the town residents supported the Ira Board to pursue a stand-alone district and to do so in the proposed newly created supervisory union created by joining RSWSU and RCSU.

Ira currently has 45 students attending three private schools and eleven public schools in five supervisory unions. Ira does have 18 phantom students counted in their equalized students reducing Ira's total cost to \$10,451 per student. In 2021, phantom students will be eliminated. Ira's actual cost without the phantom students is \$14,569 for fiscal year 2016.

Ira actively reached out to all of the non-operating districts within 60 miles of the community. Merging with another non-operating district would increase the cost per student, minimize the supervision for students with disability, and require a long commute for Board participation. More importantly, there would be no known increased benefit or increased opportunity for students. Wishing to maintain choice PreK-12, Ira found no viable option to merge with any other local school district which would provide an equal level of educational opportunity or would reduce the costs.

Ira has benefitted from its membership in the Rutland Southwest Supervisory Union. Ira plays an active role in the supervisory union and is treated fairly by being assessed only for services

needed. Ira has been an informal member of the RCSU/RSWSU Study Committee since spring 2016. Ira wishes to remain a stand-alone district in the newly formed supervisory union with the Quarry Valley Unified Union District, the Wells Springs Unified Union District, and Rutland Town School District. The Ira Board and the Ira community believe that Ira would benefit from being included in the newly formed supervisory union, as their town falls within the supervisory union boundaries, their students attend a number of schools within the supervisory union or within close proximity, and believe that the board members can be active participants in all matters that impact Ira's School District. Ira has been treated fairly in their current supervisory union, welcomed by Rutland Central Supervisory Union Board and Study Committee members, and has been able to actively participate in meetings.

Ira meets the requirements of Act 46. Ira closed their school in 1991 to increase diversity and opportunities for Ira students in an efficient and cost effective manner. Ira allows parents to send their child(ren) to schools that best meet the student's needs, aspirations, and learning style. Even residents who no longer have children in school support PreK-12 choice. Choice for Ira has been cost effective while providing maximum opportunities for its students. The Director of Student Support Services is the Local Education Agent for all students who have an individual education plan or a 504 plan. The Director also attends meetings when students are suspected of having a disability and assist with planning the evaluation. Having the director's office within close proximity of the school the student is attending assists in being able to monitor progress, programs, and provide quality service to the student and family.

The RCSU-RSWSU Study Committee has worked most collaboratively and included all who wished to be part of the committee. Formal members held the votes, but informal members were welcomed to be participating members in the meetings. All members of the committee worked tirelessly to make win-win decisions in the best interest of the students and the school districts. Ira Board members were informal members of this study committee as merging did not seem to be an option for the Ira School District. Ira members attended meetings where information pertinent to Ira was shared and discussed.

The Act 46 Study Committee including formal members of Proctor, Poultney, West Rutland, Rutland Town, Middletown Springs, and Wells, as well as the informal member of Ira unanimously recommends approval of the proposed merger as it provides greater opportunities while providing efficiencies for all students. The Ira School District will be responsible for the education of all of its students Pre-K-12.

Ira School District

Alternative Governance Structures

Self- Study

An Alternative Self-Study for the Ira School District and an Addendum to the RCSU/RSWSU Act 46 Study Committee Proposal

This study is presented to the Vermont State Board of Education to demonstrate that the Ira School District is in compliance with the requirements of the Act 46 and its goals of having a sustainable governance model that provides its students with increased educational opportunities, while doing so with economic efficiencies foremost.

1. Introduction

a. Ira is a town of approximately 430 people, encompassing 21 square miles. It sits between Rutland to its east and Castleton to its west; it is geographically separated on two sides of a mountain range. Most of the community members are full-time residents and the population is stable with few people moving into or out of town. The Ira School District is a non-operating district that provides Pre-Kindergarten to 12th grade education for its residents through full choice. Parents are allowed the opportunity to select the school(s) that best meets their child(ren)'s needs. Factors involved in where parents choose to send their children to school include but are not limited to: which part of Ira they live in, where one or both parents work, academic opportunities, sports, and extracurricular opportunities at the different schools.

b. Currently, there are 26 students in Pre-K through 6th grade and 19 students in grades 7-12. The population of Ira is expected to remain relatively stable. There are seven children who have not yet entered kindergarten (two are included in the pre-kindergarten program). A conservative estimate of students in 2020 is 23 students in grades K-6 and 17 students in grades 7-12 for a total of 40 students overall.

c. In the 2015 - 2016 school year, Ira's forty-five students attended three private schools and eleven public schools in five separate supervisory unions. Ira School District pays tuition to public and approved independent schools in accordance to Vermont law. Ira pays the announced tuition rate to all public schools and pays the Vermont State Average tuition to all approved non-religious private schools. The district does not pay tuition to religious schools. Students have access to technical centers, dual enrollment and to early college through the schools they attend.

Elementary Schools (PreK-6)				
School Name	School Type	Number of Students	FY16 Announced Tuition	Total FY16 Tuition Cost
Middletown Springs PreK (RSWSU)	Public	1	\$4,351	\$4,351
West Rutland PreK (RCSU)	Public	1	\$4,351	\$4,351
Middletown Springs (RSWSU)	Public	2	\$14,000	\$28,000
Tinmouth (RSSU)	Public	2	\$14,200	\$28,400
Clarendon (RSSU)	Public	3	\$16,070	\$48,210
West Rutland (RCSU)	Public	10	\$11,700	\$117,000
Rutland City	Public	1	\$9,100	\$9,100
Castleton Hubbardton (ARSU)	Public	2	\$12,500	\$25,000
Sugarwood School	Private	2	\$9,000	\$18,000
Maple Street School	Private	2	\$12,294	\$24,588
Average per Pupil & Total Cost		26	\$12,358	\$298,298

Secondary Schools (7-12)				
School Name	School Type	Number of Students	FY16 Announced Tuition	Total FY16 Tuition Cost
Mill River (RSSU)	Public	6	\$15,746	\$94,476
West Rutland (RCSU)	Public	5	\$16,300	\$81,500
Fair Haven Union (ARSU)	Public	1	\$14,600	\$14,600
Rutland Town (RCSU)	Public	1	\$13,300	\$13,300
Rutland City	Public	4	\$14,000	\$56,000
Long Trail	Private	2	\$14,297	\$28,594
Total		19	\$14,707	\$288,470

d. Because students attend 12 different schools, there is no socioeconomic and demographic data collected for the students. The number of students who qualify for special education or ADA (504) services are evaluated, their programs and progress monitored, and overseen by the RSWSU Director of Student Support Services. The number of students on these plans is too small to report.

Ira Medicaid Funds are used to allow parents to send their three and four year olds to qualified preschools. In addition, these funds were being considered to provide laptops to all middle school students yearly, so that each child would have the benefit of being connected digitally and have access to their teachers, their schools, the broader communities of the world, and resources needed to meet or exceed the standards.

Because Ira students attend 12 differing schools, achievement data is not collected at the Ira School District or the supervisory union level for Ira students. No concerns have arisen (at least in the last eight years) about student achievement levels. Therefore, there has been no apparent need or benefit seen to collect this data. In addition, it would be unlikely that the data collected could be reported to the community at grade levels, as class sizes are all under the minimum number of 10. The data could be reported at an elementary or secondary level if it were collected.

e. There are eighteen phantom students included in Ira's equalized students reducing Ira's total cost to \$10,451 per student. The number of phantom students will decrease over the next five years, so that by 2021 all phantom students will be eliminated. The actual cost per student without the phantom student calculation was \$14,569 in 2015/2016.

f. The Ira School District has been non-operating since 1991, and thus has no school buildings, debts, or other encumbrances. It does have \$70,000 in a Tax Stabilization Fund to offset the anticipated increases from the diminishing phantom students.

g. The Ira School District has no anticipated debt.

h. The Ira Board of School Directors established the district's mission as providing maximum educational opportunities in a cost efficient manner. Goal statements are also written to guide the Board's actions to ensure that families have flexibility to select schools that fit their children's needs and so students are able to attend schools that allow them to achieve or exceed the Educational Quality Standards. An additional goal is for the Board to participate in the development of an efficient and cost effective operational structure. The Ira Board works diligently to maximize opportunities for their students, while being cost efficient. Their

structure is sustainable, since they are supported yearly by their community. Ira's mission and goals are found in the attached documents.

2. Relationship with Current Supervisory Union

a. The Rutland Southwest Supervisory Union (RSWSU) consists of Poultney, Wells, Middletown Springs, and Ira School Districts, with a total of 750 students. Each of the four districts has a different operating structure: PreK-12, K-6 with New York designation and choice with payment to the base education rate, PreK-6 with choice, and non-operating respectively.

b. Each of the school districts with operating schools has three board members on the RSWSU Board, while Ira has one member since it does not operate a school. The RSWSU oversees all of functions of the supervisory union and the four school districts. Finance, transportation, and special education have been centralized in the supervisory union. The Boards work well together and keep the best interest of the students in mind when making decisions. This is always balanced in how to do what is best for the students while doing so in a cost effective manner to protect the residents from tax increases.

Although Ira has a small voice on the RSWSU board, Ira's best interests have also been considered. Therefore, Ira is assessed for the cost of the superintendent's and business manager's office (for services provided), while Ira is not assessed for cost for services for the other three districts like the expense of negotiation legal fees or itinerant teachers. As a result, Ira believes they are being treated fairly. Ira does hope to realize some cost savings from the merger of the two supervisory unions into a newly formed supervisory union. Ira anticipates being treated as fairly in terms of allocations in the newly formed supervisory union.

3. Efforts to Work with Other "Like" Districts or Supervisory Unions

The Ira School Board participated in Act 153, Act 156, and H361 meetings for several years before the legislature passed Act 46. Since that time Ira has been actively involved in identifying ways in which Ira can meet the requirements of Act 46.

On February 10, 2015, the school boards of Wells and Middletown Springs were guided through a prioritization matrix by Kathy Letendre of the Institute for Quality Advancement. The results of the matrix results of both Wells and Middletown Springs were shared with and discussed by the Ira School Board.

On February 23, 2015, Ira School Board members participated in a discussion with all RSWSU School Board members led by Harry Franks of the Vermont School Boards Association in

determining the priorities of the school district looking forward to the implementation of Act 46. Student opportunities, governance, and cost effectiveness were discussed.

In April 2015, the Ira School Board agreed to contribute \$2000 toward the cost of an informal study to consider all options for each of the school districts of the Rutland Southwest Supervisory Union. In addition, the RSWSU sent a letter to the Vermont Department of Education, requesting information on obtaining a grant for this study. It was later learned that the grant money would not be available until July.

On June 2, 2015, the Vermont Legislature passed Act 46: An act relating to making amendments to education funding, education spending, and education governance.

On July 9 and 10, 2015, the superintendent of RSWSU met with the superintendents of Rutland Central Supervisory Union and Battenkill Valley Supervisory Union to discuss possible merger options.

Later in July, 2015, the RSWSU School Board published a request for proposals for a governance study for the member districts of the Rutland Southwest Supervisory Union. The proposal asked bidders to answer the question: "Are there governance/reorganization options that would enhance educational opportunities for all students for similar or reduced costs to taxpayers?"

On August 21, 2015, an Ira Board Member was among those from the RSWSU who met with the Secretary of Education and representatives from the Agency of Education, Vermont School Boards Association, the Vermont Superintendents Association and the Vermont Principals Association to discuss concerns and options related to the implementation of Act 46 as it impacted RSWSU school districts.

On August 24, 2015, at a meeting of the RSWSU school board, members accepted the proposal of SES Study Team to initiate a study of RSWSU governance and reorganization options. The contract price was \$12,000 utilizing the anticipated \$5,000 Act 46 study grant plus an additional expense of \$1,750 per school district.

From October 5-7, 2015, the SES Study Team visited the schools of the RSWSU to collect data and interview teachers and staff. On October 6, 2015, the SES Study Team met with the school boards, where they explained the process of their study and working with the boards determined priorities and expectations. Over the period of a month or more, the SES Study Team collected data from administrators to inform their study results.

In October 2015 at the VSA/VSBA conference, the RSWSU Superintendent attended informal meetings regarding non-operating school districts and the implications of Act 46. Board members and superintendents discussed potential options for merging non-operating districts.

On November 5, 2015, the Superintendent discussed with the Battenkill Valley Superintendent potential partnerships within the supervisory unions. Although the distance would have been problematic, both BVSU and RSWSU operate a PreK-12 school district and each has a non-operating district. Each governance structure could become two sides in a larger supervisory union.

On January 5, 2016, the final report of the SES Study Team was provided to the Ira School Board. The report was a comprehensive document providing data about the district capacity, potential savings and possible patterns. On January 14, 2016, the RSWSU held a public forum where the findings of the study were presented to the four communities. The reports were printed for all attending, anyone wishing a copy, and published on the RSWSU website. The report was a comprehensive document providing data about the district capacity, potential savings, possible patterns, and partnerships. The Report, "Governance Study for the Member Districts of the RSWSU: Are there governance/reorganization options that would enhance educational opportunities for all students at similar or reduces costs to taxpayers?" included 48 pages of data and analysis. There were also four appendices that included much data as well: A - Demographic Profiles of the School District Communities; B - Profiles of the Current Elementary and Secondary Programs of the SU; C - Enrollment Projections for each of the Four School Districts; and D - Pupil Capacity Analysis of the Current School Buildings. The Report is available to review on the RSWSU website.

On January 16, 2016, the Ira School Board sent a letter to the non-operating school districts of Granville, Hancock, Pittsfield, Plymouth, Sandgate, Winhall, and Stratton, inviting them to participate in discussions of potential partnerships under Act 46.

On February 23, 2016, a meeting was held with Peter Clark, Consultant to the Granville, Hancock, Plymouth, and Pittsfield non-operating school districts to discuss the potential for Ira to join the Regional Educational District study.

Granville is 55 miles from Ira. It has 43.73 equalized pupils, including 16.17 phantom students. Their FY16 spending per equalized pupil was \$12,175, however without the phantom students their actual cost per pupil was \$19,318.

Hancock is 50.8 miles from Ira. It has 47.65 equalized pupils and no phantom students. The FY16 spending per equalized pupil was \$17,470.

Pittsfield is 39.4 miles from Ira. It has 74.62 equalized pupils and no phantom students. The FY16 spending per equalized pupil was \$18,688.

Plymouth is 42.5 miles from Ira. It has 53.87 equalized pupils and no phantom students. The FY16 spending per equalized pupil was \$16,460.

Ira has 64.03 equalized pupils and 18.1 phantom students. The FY16 spending per equalized pupil was \$10,451. Without the phantom students, the actual cost per student would be \$14,5690.

Several models of merger were explored by the consultant, Peter Clark. Please see appendix A (Financial analysis of potential Granville, Hancock, Pittsfield, Ira merger). In the study models, the tax rate for Ira in the first four years increased by the 5% maximum, and then rose by 76% in year 5 as shown in Model #2. In addition, many questions were left unanswered since there appeared to be critical data left out of the calculations. As a result, it was concluded that merging with Granville, Hancock, and Pittsfield was not a viable option for Ira, since the cost per pupil is significantly lower in Ira than those from other districts and a merger would increase the tax rate without any benefits to students.

On February 25, 2016, a meeting was held with the school boards of Winhall, Stratton, Sandgate, and North Bennington. Questions about financial implications, special education supervision and monitoring, the sale of the Winhall School and the way in which supervisory union charges are applied to non-operating districts were discussed. Ira Board members were concerned about the negative impact of these issues; particularly about the potential increases in supervisory union assessments not currently applied to Ira but especially to the ability of the Local Education Agent to oversee the education of special needs students.

Winhall is 48.3 mile from Ira. It has 137.51 equalized pupils and no phantom students. The FY16 spending per equalized pupil was \$15,737.

Stratton is 44.2 miles from Ira. It has 30.28 equalized pupils and no phantom students. The FY16 spending per equalized pupil was \$14,679.

Sandgate is 41.3 miles from Ira. It has 47.84 equalized pupils and 0.95 phantom students. The FY16 spending per equalized pupil was \$14,374. FY16 without the phantom students would be \$14,665.

A financial comparison of Sandgate, Winhall and Ira can be seen in the attached documents.

On February 29, 2016, at the Ira Town Meeting, the school board provided information to the town on the progress of negotiations relative to Act 46 implementation. At that time a community forum was planned for March 8, 2016.

On March 8, 2016, a community forum was held in Ira that was attended by approximately forty town people. The board explained the requirements of Act 46 and what was being done to implement the governance changes. The community overwhelmingly supported keeping full choice for all students.

On March 30, 2016, a meeting was held between Poultney, Proctor, West Rutland, Middletown Springs, Rutland Town, and Ira to discuss possible options that would contemplate forming potential new districts and forming a newly proposed supervisory union consisting of some districts from RSWSU and all districts from RCSU.

On April 27, 2016, a second community forum was held in Ira to discuss progress made in exploring options for compliance with Act 46. The board informed the citizens about meetings with other non-operating districts, and the meeting with districts from RSWSU and RCSU. Board members shared Ira's cost per pupil is significantly lower than other non-operating districts considered as a merger partner. Joining either of the studies would increase taxes without any additional benefit to students. Due to the high cost of merging with like districts and its geographic isolation from other non-operating districts, it was proposed that Ira pursue being a stand-alone district in a new supervisory union created by joining RSWSU and RCSU. Residents in attendance at the forum favored this path.

4..Current Act 46 Status

Ira continues to be an informal member of the RCSU and RSWSU Act 46 Study Group. Board members attend meetings as relevant and continue to work with the consultant, their superintendent, and business manager on an alternative study while continuing to be open to any possible merger option that would allow Ira to continue to provide their students with choice.

5. Ira's Board of School Directors

There are three elected board directors on Ira's School Board. Each serves a term of three years. Many of the members often serve long tenures. The Ira Board adopts all RSWSU policies applicable to non-operating districts. The Ira Board establishes and adopts Action Plans which guide Board actions. Action Plans can be seen in Appendix C.

Ira holds a minimum of seven Board meetings a year. The superintendent attends all meetings, in addition to the business manager who attends all meetings where budgets are prepared or there are major financial topics.

The Ira Board members are kept informed through the Superintendent’s Report to the Boards (typically twice per month), which is sent to each Board member in their local Board report for their district meeting as well as in the supervisory union packet. The Ira Board representative to the RSWSU Board, has the opportunity to share information or concerns at the monthly supervisory union meeting or to ask the superintendent to convey a message or gather information.

6. Ira’s Enrollment and Cost Projections

The districts currently served by the RSWSU are Poultney, with 402 equalized pupils, Wells with 150 equalized pupils, Middletown Springs with 120 equalized pupils, and Ira with 62 equalized pupils . The total number of equalized pupils for FY17 is 734.

	FY15	FY16	FY17	FY18
Educational Spending	\$ 622,951	\$ 669,173	\$ 616,029	\$ 624,715
Equalized Pupils	66.35	64.03	61.79	55.61
Phantom Students	15.86	18.1	18.57	12.391
Equalized Pupils Excluding Phantom Students	50.49	45.93	43.22	43.22
Spending per Pupil	\$ 9,388.86	\$ 10,450.93	\$ 9,969.72	\$ 11,233.66
Tax Rate	\$ 0.9910	\$ 1.0938	\$ 1.0277	\$ 1.1580

	FY19	FY20	FY21	FY22
Educational Spending	\$ 633,523	\$ 642,456	\$ 651,515	\$ 660,701
Equalized Pupils	44.48	43.22	43.22	43.22
Phantom Students	1.2688	0	0	0
Equalized Pupils excluding Phantom Students	43.22	43.22	43.22	43.22
Spending per Pupil	\$ 14,240.07	\$ 14,864.79	\$ 15,074.38	\$ 15,286.93
Tax Rate	\$ 1.4679	\$ 1.5323	\$ 1.5539	\$ 1.5758

Assumptions:

- State tax rate stays constant at \$9701
- 3 year average increase in education spending of 1.41%
- Assumes ADM stays constant and Phantom Student phase out according to statute

7. Services to Students:

Ira parents have the ability and flexibility to have their children attend any public or approved independent school that meets the needs of their child(ren). As a result, parents choose the school(s) that provide their child with programs that best meet their child's future goals and will provide the best chance for that child to be successful in his/her future endeavors whether that be in a trade field, attending college, or to follow some other passion.

Parents also have the ability to consider the proximity of where their child(ren) attend school in relation to where parents work. For some parents, this is most important as they are able to attend school functions and sporting events they may otherwise miss if they had to travel a distance to a school nearer home or located in some other community.

There has been a partnership with surrounding elementary and secondary schools for many years. Parents interact directly with the schools, however, the superintendent handles normal correspondence or dealing with any situation which arises, such as, residency. The director of student support services oversees the education of any student who has a disability, whether the student is on an individual education plan or on a 504 plan. The director or a designee attend all IEP or 504 meetings in the school that the student attends. This monitoring ensures

that the required services for each student on a plan are prescribed and are met allowing the student to make progress towards attaining the grade level outcomes. The director also monitors additional costs for these services.

8. Proposal for the Alternative Structure

Many residents of Ira have chosen Ira as their home town, because the families have school choice. Interestingly, some families who no longer have school aged children have spoken in support of choice, since they believe their own children benefited from choice and believe strongly it is best for all the children of Ira.

The Ira Board members have attempted to find appropriate merger partners as is shown previously in the chronology of events. Ira wishes to retain choice for their PreK-12 students. In order to merge, Ira would need to do so with other non-operating school districts miles away, which would increase the tax rate and have no known increased benefits or opportunities for students.

Ira has been an informal member of the Proctor, West Rutland, Poultney, Rutland Town merger study. Middletown Springs was also an informal member of this study and became a formal member with Wells to create a side to Proctor, Poultney, West Rutland. Ira Board members have attended the Act 46 merger meetings when information was applicable to Ira.

Ira wishes to be a stand alone district in the newly merged supervisory union that is currently Rutland Southwest Supervisory Union and Rutland Central Supervisory Union. Ira board members have worked closely for years with the RSWSU and benefitted fairly in the partnership. A number of Ira's students attend RCSU schools and Ira has felt welcomed in the merger study. Ira shares the State's desire (as set forth in Act 46) of maximizing educational opportunities for our students within the most efficient and effective governance structure possible. This is what led Ira to make the difficult decision to close our small school in 1991. We are quite pleased with the enormous diversity of educational opportunities that our small community is now able to provide to our students in an extremely efficient and cost effective manner. After thorough investigation we have found no viable option to merge with any other local school districts which would be able to provide an equal level of educational opportunities or would reduce our already minimal costs.

Ira School District Action Plan (Draft)

FY 17

Mission: To provide maximum educational opportunities in a cost efficient manner.

Goal Statement: Maximize learning opportunities for all Pre-K-12 Ira students.

Action Step	Evidence Indicators
Exploring ways to accommodate 2016-2017 town's people strong preference to maintain school choice	<ul style="list-style-type: none">• Approval of community• State Board approval of self-study proposal
Provide flexibility for families to best meet the needs of their children	Community feedback

Goal Statement: Maximize operational efficiencies, maintain minimal budget increases and minimize costs.

Action Step	Evidence Indicators
Participating in the development of an efficient and cost effective operational structure.	Comparison of tax rates of other non-operating districts in the region
Utilize tax stabilization fund to most effectively impact the tax rate	A stable tax rate trend

Board approved 9/6/2016

Ira School District Action Plan

FY 13 and 14

Goal Statement: Ira students will be given opportunities to learn skills and content in traditional and non-traditional ways.

Action Step	Person Responsible	Timeline	Assessments/Measures	Evidence Indicators
Provide funding for 4 year old students to attend approved pre-school programs.	Board	Beginning of school year	Advertisement in the Bird's Eye View in Spring & summer. Board approval of parent letters asking for approval.	# of students attending pre-school
Grants for enrichment or interventions programs will be funded for schools hosting Ira students. Host school students are welcomed to participate as long as there are some Ira students participating in the programs.	Superintendents &/or Principals for hosting schools	Fall & spring semesters	RSWSU superintendent will notify regional superintendents of the grant opportunities.	# of Ira students and # of host school students participating in each program
Providing learning tools that will assist students to learn skills and content in a variety of ways	RSWSU administrators	On going	Parents or instructors will oversee the use of learning tools	A brief report will be given to the Board stating how the tools were used to boost or motivate learning.

Goal Statement: Ira will provide supports for students with needs

Action Step	Person Responsible	Timeline	Assessments/Measures	Evidence Indicators
Provide additional resources for 504 and IEP students	Local education agent (LEA)	When need is determined	Reading/Math/Writing Assessments	Improved student achievement by minimum of 5% in any areas of additional services.

Board approved 11/6/2012

RUTLAND SOUTHWEST SUPERVISORY UNION

Ira

Middletown Springs

Poultney

Wells

OFFICE OF THE SUPERINTENDENT OF SCHOOLS

168 York Street
Poultney, VT 05764
www.rswsu.org

Phone: (802) 287-5286
Fax: (802) 287-2284

February 29, 2016

Board Chairs of Proctor, West Rutland, Poultney, Rutland Town, and Middletown Springs;
Superintendent Taylor and Consultant Sanborn:

Dear Board Chairs, Superintendent, and Consultant,

The Ira Board of School Directors is currently investigating the best path for the Ira community to take with regards to the requirements of Act 46. The results of an impartial study of our supervisory union (Rutland Southwest) and each of our member districts (Ira, Middletown Springs, Poultney, and Wells) identify options for each Board to consider in light of the recent legislation. The largest challenge is that the RSWSU has four differing school systems (a Pre-K -12, a PreK-6 with complete choice, a PreK-6 with designation and limited choice funding, and a PreK-12 choice). Ira is the only non-operating school district in our supervisory union.

Due to a small enrollment, Ira closed its elementary school in the early 1990s and now tuitions 46 students to 12 public and private schools. The community of Ira values school choice for its families and wishes to maintain school choice as is allowed in Act 46. The Board will be holding a Community Forum on Tuesday, March 8th to have a discussion with community members about options available for Ira students.

Ira has had initial meetings with the non-operating districts of Granville, Hancock, and Pittsfield and also with Winhall, Stratton, Sandgate, and North Bennington. Either of these districts would be viable partners from a non-operating perspective, however, in both cases tax rates would increase to a greater level by merging, would have no impact on where students would attend school, would have board members driving a minimum of 45 minutes for meetings, and would make supervision of student plans a challenge at best.

The Ira Board understands that your Boards will continue the existing study or reorganize into a new study to form a newly created district or supervisory union that may compose of a K-12 district including Proctor, West Rutland, and Poultney. We also know that Rutland Town and Middletown Springs also looking for some type of potential merger with a like partner. Should that not become possible, and they were to be considered "stand alone" members of a newly formed supervisory union, please consider adding Ira as a standalone non-operating school district.

Ira will continue to look at all options, however, it makes little sense to increase our costs, while having other districts oversee our students from a distance of over 40 miles.

The Ira Board or at least a Board member would be happy to meet with you to discuss the options and educational opportunities that would be created if we were able to develop a partnership among all or some of

our districts – new or old. Our goal is to comply with the law by maintaining a new system that will give our students continued educational opportunities and excellence. At this time, our choices are few and cause more limitations and increased costs.

Thank you for considering our requests.

With warm regards,

Dr. Phil Lapp
Ira Board Chair

Cc: Indra Lovko and Laura Caruso, Ira Board members
Joan Paustian Ed D, RSWSU Superintendent

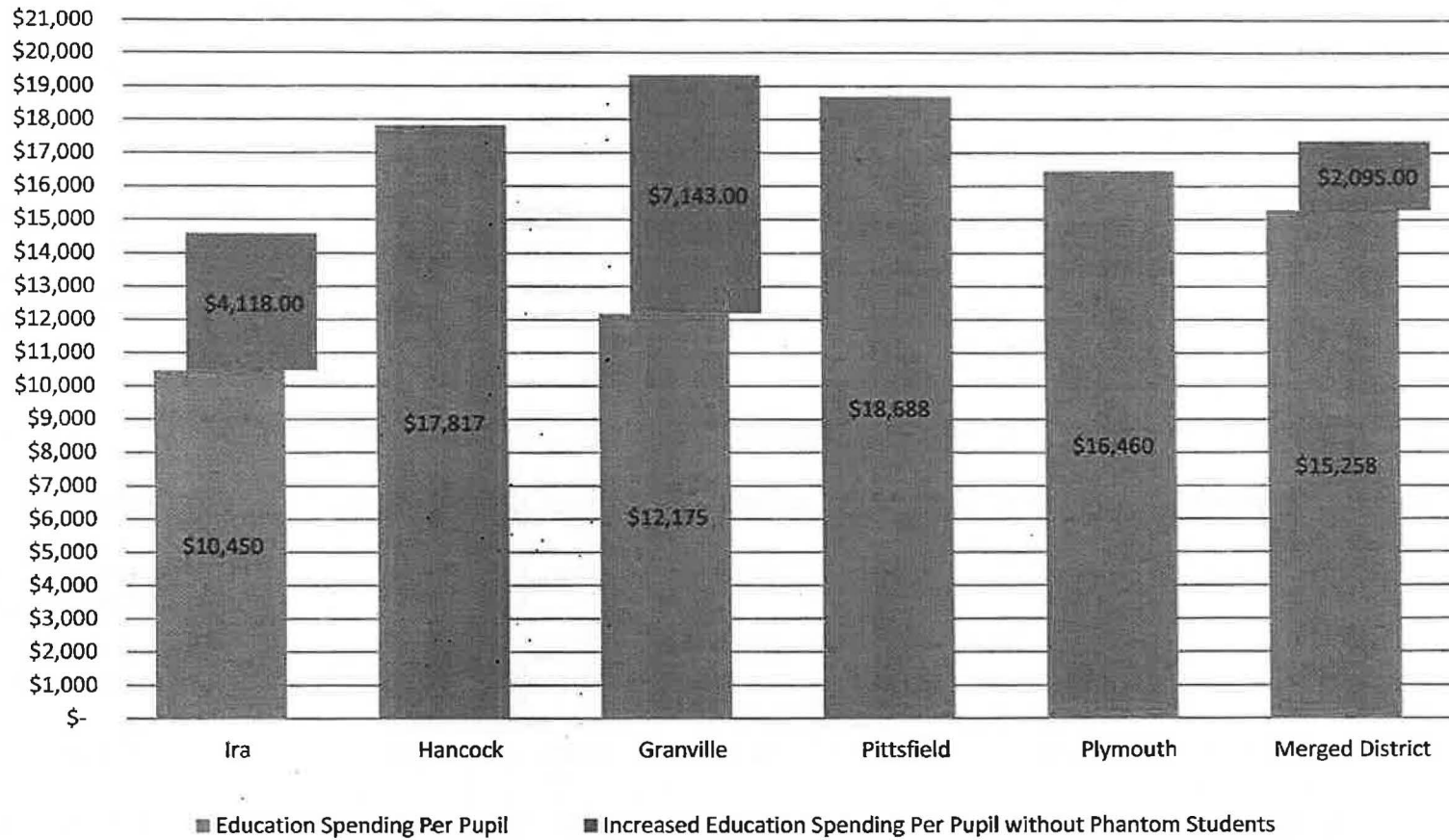
Ira 5 Year Cost Projections

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Educational Spending	\$ 622,951	\$ 669,173	\$ 616,029	\$ 624,715	\$ 633,523	\$ 642,456	\$ 651,515	\$ 660,701
Equalized Pupils	66.35	64.03	61.79	55.61	44.489	43.22	43.22	43.22
Phantom Students	15.86	18.1	18.57	12.391	1.2688	0	0	0
Equalized Pupils excluding Phantom Students	50.49	45.93	43.22	43.22	43.22	43.22	43.22	43.22
Spending per Pupil	\$ 9,388.86	\$ 10,450.93	\$ 9,969.72	\$ 11,233.66	\$ 14,240.07	\$ 14,864.79	\$ 15,074.38	\$ 15,286.93
Tax Rate	\$ 0.9910	\$ 1.0938	\$ 1.0277	\$ 1.1580	\$ 1.4679	\$ 1.5323	\$ 1.5539	\$ 1.5758

Assumptions

- * State Tax Rate stays constant at \$9701
- * 3 year average increase in education spending of 1.41%
- * Assumes ADM stays constant and Phantom Student phase out according to statute

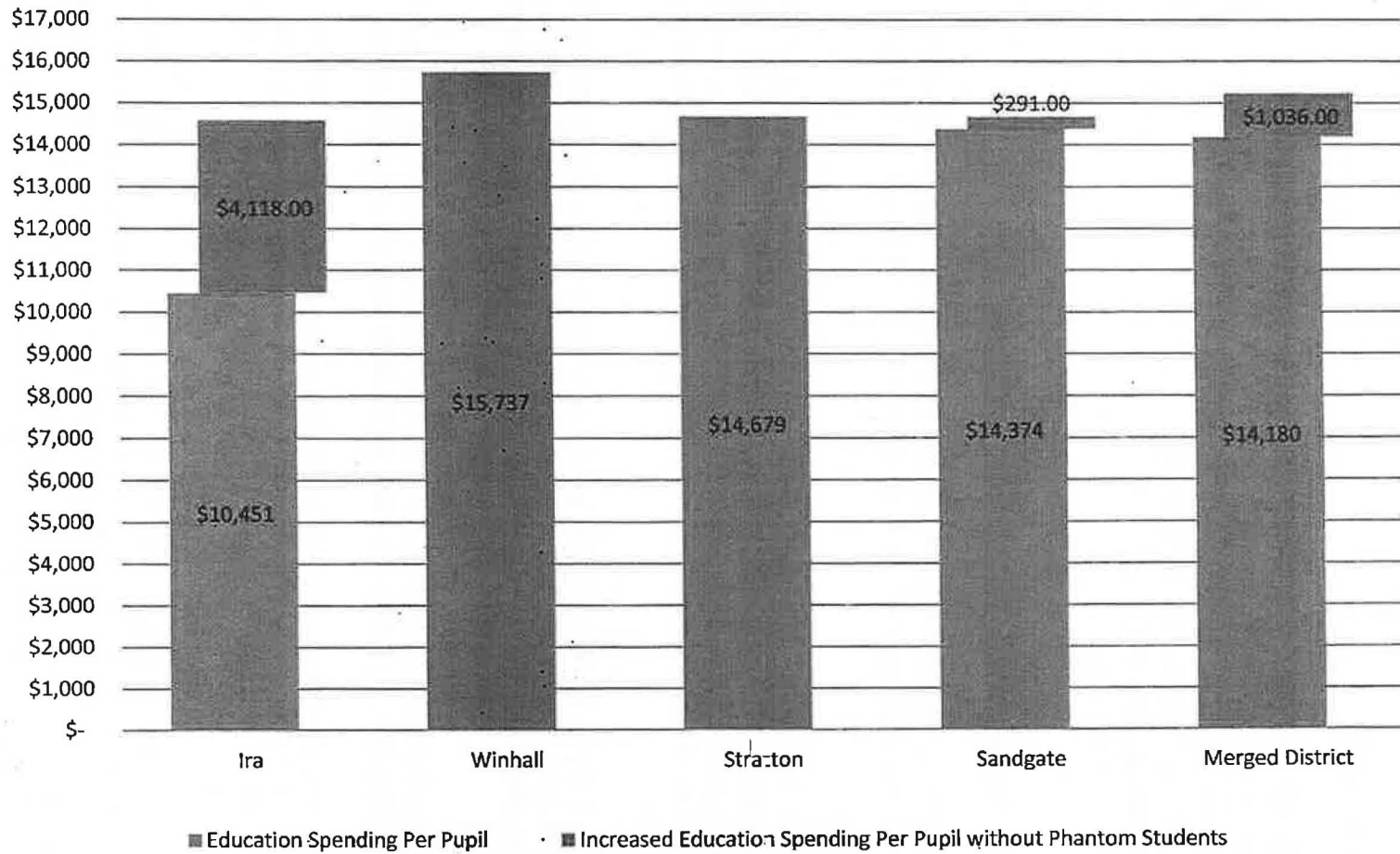
FY16 Equalized Per Pupil Spending



Assumptions:

1. All Estimated models don't take into account any changes in budgeted expense or revenue
2. None of the models take into account the state's merger incentives.
3. Merger model use information from AOE FY17 Cost Containment File.

FY16 Equalized Per Pupil Spending



Assumptions:

1. All Estimated models don't take into account any changes in budgeted expense or revenue
2. None of the models take into account the state's merger incentives.
3. Merger model use information from AOE FY17 Cost Containment File.

Windsor Northwest – Exploratory Study Report
February 25, 2016
(Granville, Hancock, Ira, Pittsfield, Searsburg)

Current Study Members:

- Granville – Bruce Hyde
- Hancock – Rose Juliano, Dan Perera
- Pittsfield – Ray Rice, A.J. Rubin
- Searsburg – Jacki Murano, Cherie Giddings
- Superintendent – Meg Powden
- Consultant – Peter Clarke

Issue 1: Consolidation Options

The Non-Operating Districts of Windsor Northwest (Granville, Hancock, and Pittsfield, and Searburg) have decided to investigate four distinct options for addressing the educational goals of Act 46.

1. They could, through a vote of their electorate, choose to **drop choice** and join whatever PreK-12 school system that emerges out of the consolidation discussions currently going on in their current Supervisory Union. After preliminary discussion of this option, this is clearly not an alternative that either Granville or Hancock wishes to consider at this time, if ever.

Note: Pittsfield is currently indicating that is still exploring whether giving up choice and joining Windsor Central might be a viable option for their students. As Searsburg was unable to attend this first meeting, it is not clear what alternatives they are currently exploring.

2. At least two (or three) districts in the study could explore joining together as a single non-operating district and form a **side-by-side** with a neighboring K-12 district.

This option insures the continuation of choice, makes every participating district eligible to receive the tax incentives and district implementation grants associated with a merger under “Phase II: Regional Educational Districts and Their Variations” as defined under the law.

This option would result in a single non-operating district with one school board composed of representatives from each sending community based on the principle of proportional representation, and would form half of a Side-by-Side Regional Educational District where the other “half” was a unified PK-12 operating district.

3. They could form their own **R.E.D. (Regional Educational District)**. To do this, four of the non-operating districts currently affiliated with this study (or others to be identified at a later time) would need to merge into a single unified district. The formation of a PrK-12 tuition R.E.D. requires either the merger of 4 cooperating districts or an ADM of 1250 students (an ADM which no combination of districts currently in this study can meet).

This option would insure the continuation of choice, make every participating district eligible to receive the tax incentives and district implementation grants associated with a merger under Phase II - Regional Education District and Their Variations, and would result in a single non-operating district with one school board composed of representatives from each sending community based on the principle of proportional representation.

Note: Regarding this option, the study committee has asked under what conditions, if any, the creation of a R.E.D. might result in an independent district with its own central office to administer the educational, administrative, and financial affairs of the new district or more conventionally result in the assignment of the new R.E.D. by the AOE to an adjacent Supervisory Union for the delivery its core educational, administrative, and financial needs.

4. Districts in this study could develop and submit a proposed plan to the Secretary of Education by November 30, 2017 designed to achieve quality and cost objectives by July 1, 2019, either by retaining the same governance structure, by forming a different governance structure with others districts, or by working with other districts in some other way (e.g., through contracts).

*Note: For an exact description of all of these options and the full list of incentives associated with a Phase II merger see: **AOE publication: Timeline, Phases, Criteria, and Incentives.** <http://education.vermont.gov/documents/edu-act46-summary-timeline-phases-criteria-incentives.pdf>*

Issue 2: Focus of the Study from the Committee

In general, the purpose of this exploratory study is to try to determine which of these four alternatives appear to be the most viable. Since all of the districts currently involved in this study consider maintaining choice as the greatest educational opportunity available to the students in their communities, the issue really boils down to developing a greater understanding of the financial and organizational costs/benefits of option 2 and option 3 noted above. In addition, none of the districts in this study wish to submit a Proposal under option 4, as each would like to access to the available tax incentives under a Phase II merger for their respective communities.

Issue 3: Essential Questions for Exploratory Report

Introduction:

Given the options this study has chosen to explore, the committee identified the following questions as essential in helping them determine what course of action would be in the best interest of the communities they represent. This report summarizes the research, to date, undertaken to provide the committee with the best available information to address the matters before it

1. **Are there any other non-operating/tuition districts that might be interested in joining them to form a new RED?**

After conversations with superintendents representing the non-operating districts in Central and Southern Vermont, the following districts expressed an interest in following the deliberations of the Windsor Northwest Study Committee:

Ira: Rutland Northwest - (Ira is the only non-operating district in its current S.U. and is actively looking for other districts with which to partner)

Plymouth: Black River/Two Rivers - (Currently Plymouth is considering whether or not to give up choice and join Windsor Central where the majority of their students attend school. They have not, at this point decided on a specific course of action and have asked to be kept informed of the deliberations of this committee.

All the other non-operating districts that were contacted are beginning exploratory conversations with other non-operating within their immediate geographic area. At the committee's discretion, this report could be shared with other non-operating districts to further assess their interest in becoming involved in a full 706 study.

2. **Does the issue of scale bear on the ultimate cost effectiveness of the new district?**

The financial model developed for this study seems to indicate that the size of the new Regional Educational District would contribute somewhat to the overall financial stability of the new unified district in that losses in equalized pupils in one "member town" might be offset by gains in another. The same would be true of fluctuations in education spending (tuitions) among member towns. However, the true driver of non-operating budgets remains the changing composition of school age children throughout all the member towns (high school students cost more than elementary students) and the tuitions set by the schools these students attend.

3. **Is there a critical mass of participating districts needed to make forming a RED a better alternative to a side-by-side? e.g. Would more partners make central office expenses more cost effective and affordable?**

After consultation with the Agency of Education, there are no specific legal guidelines for when a non-operating Regional Educational District would be considered an independent operating district with its own central office or when it would be "assigned" to a neighboring Supervisory Union for the delivery of its administrative services. One potential criteria might be the size requirements for either a preferred structure (900 student) or for a R.E.D. (1250 students) under current law. It is worth noting that the combined enrollment of the potential partners in this study would not reach either of those thresholds.

The study was advised by the AOE that at a minimum, an independent non-operating RED would need a superintendent, business manager, and Special Education Coordinator along with the appropriate level of support staff.

It was also difficult to model how many member districts would be needed to achieve the same (or a cheaper) level of current central office expenses in that the districts participating in this study have their central office expenses apportioned to their individual budgets under different formulas.

Finally, based on a preliminary discussion at the AOE of the educational challenges facing a non-operating R.E.D., the size of the new R.E.D. and the number of different schools being attended by students in the new district would be the most essential consideration in evaluating the "right" number of districts making up a potential merger. As the student population grows along with the geographic proximity and total number of schools involved, the administrative and educational challenge of insuring that the educational and personal needs of every student in the district are being met appropriately becomes increasingly challenging and potentially problematic.

4. Which local PreK-12 districts might provide the best fit for a new side-by side or a RED?

As noted in question three, geographic proximity appears to be the most important consideration in forming a new union. In addition, districts facing declining student populations or very low equalized student spending may find themselves under increased financial/budgetary pressure when merged with growing, higher spending member towns.

(See: Financial Model)

Financial Model:

Overview:

In attempting to provide guidance concerning the financial questions posed by the study committee, the Act 46 Project enlisted the assistance of Morgan Daybell, the Business Manager of the Franklin Northeast Supervisory Union, in developing a financial model for the non-operating districts participating in this study.

This model comes with the following important disclaimer:

This model is being made available for use by superintendents and school business managers in supporting school district merger study committees.

The model relies on a set of inputs that are not adjustable by the user and a set of inputs that the user can manipulate. Any specific assumptions and judgments made by the user in their selection of inputs could cause actual results to differ materially from those projected.

The model was created for purposes of comparative illustrations, and under no circumstances should be utilized to forecast future actual tax rates resulting if and when a merger occurs or does not occur.

The model does not account for, nor is it intended to account for, policy decisions, management decisions and/or changes in any factor reflected in the model, now or over time.

There are no representations or warranties, express or implied, as to the accuracy or completeness of the information presented and nothing herein shall be relied upon as a promise or representation.

We disclaim all liability whatsoever for any direct, indirect, incidental, consequential, or special damages arising out of or in any way connected with access to or use of this financial model.

Therefore, moving forward, members of this exploratory study are strongly encouraged to review the assumptions and projections contained in this model with their superintendents and business managers before making any decisions concerning any future course of action intended to address the legal requirements and/or the educational goals of Act 46.

Model Projections:

This financial model projects trends in future homestead tax rates for the non-operating districts participating in this study according to three potential unified district configurations and two different sets of assumptions concerning future trends in Educational Spending and Equalized Pupil Counts:

Model #1 & #4: Granville, Hancock, and Pittsfield

Model #2 & #5: Granville, Hancock, Ira, and Pittsfield.

Model #3 & #6: Granville, Hancock

In each option, the model projects both the trend lines for a merged district beginning in FY18 and the trend lines for those same districts should they remain as they are (No Change Scenario)

Notes:

At this time, no model was created for a possible merger involving Plymouth as they have not expressed interest in pursuing such a merger at this time.

In addition, Searsburg was not included in the current models because of the issue of geographic proximity (see discussions in issues 3 and 4). Further, Searsburg and Ira present similar financial profiles and much can be inferred by Searsburg from looking at the trend lines involving Ira in option 2.

In either case, the model can be adopted quickly to model additional configurations moving forward.

Assumptions:

- The model assumes that the new unified district would come into existence in FY18.
- The Model uses existing financial data from FY16 and FY17 from each individual district involved in this study for determining the baseline for educational spending, equalized pupils, equalized spending per equalized pupil, etc. for the new merged district.
- It uses the previous five-year average for the determining the change rates for education spending and equalized pupils though individual districts can adjust these rates at their own discretion should they believe the previous 5-year average to be inaccurate as a predictor of future trends.
- The model builds in the tax incentives associated with a Phase II merger over the first four years of the new district's existence. It also takes into account the 5% rate limit on increases or decreases on the homestead property tax rate during that same time frame.

- The model also leaves in place the hold-harmless provision on equalized pupil calculations (e.g. pupils do not drop more than 3.5% per year) for every eligible district in the new merged district.
- The model's default setting projects the taxes on a \$150,000 house. That setting can be changed to project the potential tax impact on properties assessed at different values.
- The model allows the user to manipulate the rates of change in:
 - ✓ Educational Spending for each town and for the new district as a whole.
 - ✓ Equalized Pupils for each town and for the new district as a whole.
 - ✓ Educational Grand List for each town. (In the current iteration of this model, we left the GL unchanged (0%).
- Under the **No Change Scenario**, the hold-harmless provision is eliminated at the rate/timetable prescribed by law. *Note: See the Attached Document from the AOE – “Act 46 (2015), Secs. 22-25. Declining Enrollment; 3.5% Hold Harmless Provision”*

FY16/FY17 Financial Data

The following financial data was taken from the “Three Prior Years Comparisons” used for most Town Meeting Reports and supplied by the business manager from each participating district in the study.

	Ed. Spending (line 14)	Equalized Pupils (line 15)	Ed. Spend/Eq. Pupil (line 16)	Equalized Tax Rate (Line 29)
Granville				
FY16	532,416	43.73	12,175.07	1.2743
FY17	578,750	42.20	13,714.45	1.3895
Hancock				
Ind FY16	848,997	47.65	17,817.36	1.8648
Ind FY17	888,716	51.33	17,313.77	1.7542

	Ed. Spending	Equalized Pupils (line 15)	Ed. Spend/Eq. Pupil (line 16)	Equalized Tax Rate
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	(line 14)			(Line 29)
Ira				
Ind FY16	669,173	64.03	10,450.93	1.0938
Ind FY17	616,029	61.79	9,969.71	1.0101
Pittsfield				
Ind. FY16	1,394,468	74.62	18,687.59	1.9559
Ind. FY17	1,380,325	75.97	18,169.34	1.8409

Rates of Change - Model Series A:

To determine a starting place for assessing projected rates of change in Educational Spending and Equalized Pupils, this model calculates and uses the previous five-year average change rate in Educational Spending and Equalized Pupil Counts based on the specific data from FY12 and FY17. **In addition, for those districts with phantom students, the rate was calculated using the actual change in actual students not the hold-harmless calculations used in arriving at Equalized Pupil rates.** This was done to reflect what is actually happening “on the ground” in each district involved. For the results cited in this report, the rates of change used were:

	EdSplnc	EqPuplnc	GL Inc
Granville	8%	0%	0%
Hancock	11%	2%	0%
Ira	2%	-1%	0%
Pittsfield	7%	3%	0%

Phantom Calculations:

	FY12	FY13	FY14	FY15	FY16	FY17
Granville:						
Actual	35.09	31.75	28.57	25.56	27.56	32.03
Phantoms	15.34	16.91	18.39	19.76	16.17	10.17
Hold Harmless	50.43	48.66	48.96	45.32	43.73	42.20
Ira						
Actual	68.04	62.51	56.51	50.49	45.93	43.35
Phantoms	5.79	8.74	12.25	15.86	18.10	18.44
Hold Harmless	73.83	71.25	68.76	66.35	64.03	61.79

(See Financial Models 1,2,3 in Appendix)
Rates of Change - Model Series B:

For the second series of financial projections, committee members requested to see the impact on future tax rates and potential savings due to each merger model if education spending increases averaged 5% over the next five years. Increases/decreases in equalized pupils remained the same.

	EdSpInc	EqPupInc	GL Inc
Granville	5%	0%	0%
Hancock	5%	2%	0%
Ira	5%	-1%	0%
Pittsfield	5%	3%	0%

The potential results of reductions in future educational spending had a significant and positive impact on the financial projections for each of the three educational mergers being contemplated.

(See Appendix Financial Models 4,5,6 in Appendix)

Final Issues for Discussion:

Note: The final four questions were left for discussion by the study committee in light of the research and financial models at the heart of this report. They are evaluative in nature, and should reflect clearly the sense of the committee.

5. What are the financial costs and benefits of forming a unified district?

- What are the existing cost pressures facing each district? e.g. growing vs. declining student enrollments; the impact of losing the 3.5 % hold harmless on declining enrollments?
- What are the current and projects equalized pupil costs of potential partners? What would be the impact on existing tax rates of combining these costs into one equalized pupil cost? What would be the offsetting benefits of the tax incentives available under the law?
- Would a unified district mitigate long-term fluctuations in enrollment (and Special Education needs/costs) among the partnering districts? e.g. loss of students in one district might be offset by gains in another creating a more stable financial foundation for all.

6. Which option (Side-by-Side vs. RED) is better?

Considerations include:

- The cost of providing central office services vs. being conjoined to an existing K-12 district.
- Geographic challenges:
 - How would the oversight and delivery of Special Education Services be delivered in a geographically large RED?
 - Are there cultural considerations involved in forming a district with multiple partners who may not be geographically connected? e.g. building a sense of community with effective patterns of communication in the new district?
 - What about travel considerations for board members and administrative staff?

Notes:

Based on consultations with AOE, in choosing the side-by-side the question of which PK-12 district would form the other side of the new merged union (and deliver the requisite central office services) would be spelled out in advance in the Articles of Agreement.

There is, in fact, no limit to the number of non-operating districts that could be involved in a side-by-side configuration other than the practical issues involved in properly meeting student needs that was addressed earlier in this report.

Under this scenario, the non-operating districts would undertake their own formal 706 study process that would coordinate its activities with the formal study process being undertaken by the other districts on the other side of the union. Both sets of Articles of Agreement would need to be voted on at the same time specifying the same date for the implementation of the new RED being voted upon.

If there are at least 4 districts committed to the non-operating side of the new union, the Articles of Agreement for these districts could specify a "back-up plan" should the vote succeed in each non-operating community but fail on the PK-12 side of the proposed merger.

The Articles of Agreement for the non-operating districts could specify in such an event the creation of an "independent" non-operating RED to insure that these communities could afford themselves of the tax incentives under the law. At that point the State Board would decide to whom the new RED would be assigned for its administrative, financial, and student support.

7. Which option (Side-by-Side vs. RED) would best position tuition districts to deal with potential changes in the educational/financial landscape of Vermont? e.g. Is there a benefit to staying in close ties with one's traditional partners?

8. How would representation work in forming each governance structure (Side-by-Side vs. RED)?

Note: To assist you in considering this issue, please refer to the AOE's Publication: "Board Membership; Nominating & Voting Process" for additional guidance:

<http://education.vermont.gov/documents/edu-act46-faq-proportionality-nominating-voting.pdf>

That said, thoroughly considering the issue of potential patterns of representation for any merger study should be done with the assistance of an attorney selected to assist the study process.

Overview:

There are two common models for board representation and election in union school districts: The **Proportional Model** and the **At-Large Model**. In addition, a federal district court in Vermont approved a third model that combines elements of both models and which is referred to as the **Hybrid Model**.

Vermont statutes:

- Limit the total number of board members to 18
- State that each member town is “entitled” to at least one board member
- Acknowledge that board membership must be structured to meet proportionality
- Authorize the election of at-large board members
- Authorize weighted voting

A starting place for thinking about the issue of proportionality is:

- Membership on the union school board is apportioned to each town/village/city within the new union district based on the town’s population relative to the total population in the union school district
- Population numbers are determined by the most recent decennial census in this case, 2010).

Census figures from 2010 for the towns in this study are as follows:

Granville	298
Hancock	323
Ira	432
Pittsfield	546

On the basis of strict proportionality this could result in the following patterns of representation:

District 1:

Granville	298	26%
Hancock	323	28%
Pittsfield	546	47%
Total:	1167	

	7 Member Board:	11 Member Board
Granville	2	3
Hancock	2	3
Pittsfield	3	5

District 2:

Granville	298	19%
Hancock	323	20%
Ira	432	27%
Pittsfield	546	34%
Total	1599	

	11 Member Board	15 Member Board
Granville	2	3
Hancock	2	3
Ira	3	4
Pittsfield	4	5

Final Disclaimer:

The foregoing content in this study is offered for informational purposes only and does not constitute legal advice. You should always contact an attorney licensed to practice in your district regarding any of the specific legal/governance matters discussed in this report.