

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 **WRVSU PK-12 Operating / Tuitioning 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 WRVSU PK-12 Operating / Tuitioning 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 of 2015; Act 153 of 2010, Secs. 2-4, as amended; Act 156 (2012), Sec. 15, as amended

BACKGROUND INFORMATION:

I. General

The WRVSU consists of ten town school districts with five distinct models of governance:

- Four town school districts, each of which operates a school offering PK/K-12 (Bethel; Chelsea; Rochester; Royalton)
- One town school district that operates a school offering education through Grade 8 and pays tuition for Grades 9-12 (Tunbridge)
- One town school district that operates a school offering education through Grade 8 and designates an approved independent school as its public school for Grades 9-12 pursuant to 16 V.S.A. § 827 (Strafford)

- Two town school districts, both of which operate a school offering education through Grade 6 and pay tuition for Grades 7-12 (Sharon; Stockbridge)
- Two town school districts that pay tuition for all grades (Granville; Hancock)

Until recently, the districts in the WRVSU were members of two distinct supervisory unions. At the request of the State Board, the ten districts began the process of merging into a single SU in 2014, which included creating a guiding educational vision for the region.¹ As described in the over-arching, combined report of the three WRVSU study committees, the vision document made clear that:

the creation of the new supervisory union is not simply about merging business functions or the changing of boundaries; rather it is building a foundational structure that will:

- *Allow for the creation of an exceptional education experience for all children in the White River Valley.*
- *Ensure strong leadership to support the education program throughout the region.*
- *Achieve immediate efficiencies and create the potential for greater cost-effectiveness over time.*

The State Board approved the merger of the two SUs into the WRVSU in January 2015. Prior to assuming full responsibilities as the WRVSU in July 2016, the member districts conducted a strategic planning process for the delivery of education in the region. The process involved staff, students, and the community and was assisted by the International Center for Leadership in Education.² The 5-year plan “calls for the creation of a unified high school program for operating towns, strong middle school opportunities for all students, and strengthened, more equitable experiences for elementary students.”

After passage of Act 46, the ten districts created an exploratory committee³ to examine options available to them. Based upon the work of the exploratory committee, the districts formed three formal study committees under 16 V.S.A. § 706 to develop proposals to create:

- A PK-12 Unified Union School District (UUSD) that operates all grades (formal study committee members: Bethel; Chelsea; Rochester; Royalton)
- A PK-12 UUSD that operates grades through either Grade 6 or Grade 8 and pays tuition for all other grades (formal members: Sharon; Stockbridge; Strafford; Tunbridge)
- A PK-12 UUSD that pays tuition for all grades (formal members: Granville; Hancock)

During deliberations, the Sharon, Stockbridge, and Strafford districts concluded that issues of “topography, historic connections, and operating/tuitioning/designation practices” made it inadvisable to join with other districts to create a union school district at this time. As a result, the districts will prepare and submit a proposal to remain as independent town districts after votes on the three WRVSU mergers proposals are final.

¹ See Appendix A – Report on the Proposed Supervisory Union Boundary Change, dated January 6, 2015

² See Appendix B – WRVSU Strategic Plan: Blueprint for Change 2016-2021

³ See Appendix C – Exploratory Committee Report and Recommendation

The Chelsea members of the PK-12 Operating Study Committee, in consultation with the Chelsea School Board, requested that Chelsea not be included in the proposal to form a PK-12 Operating UUSD. Instead, the Chelsea members participated informally in the Study Committee formed by the Sharon, Stockbridge, Strafford, and Tunbridge districts and has been named in that Committee's proposal as an "advisable" district.

As a result, the districts identified as "necessary" and "advisable" in the three proposals are not always the same districts that served as formal members of the study committee:

- 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

II. The First Branch Unified School District

The WRVSU PK-12 Operating / Tuitioning 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): Tunbridge.

The Study Committee identifies the following school district as "advisable" to the proposal pursuant to 16 V.S.A. § 701b(b)(2): Chelsea.

In FY2016, the combined average daily membership (ADM) of the two districts was 350.00 (Tunbridge: 173.00; Chelsea: 177.00) and the combined ADM of all ten WRVSU districts was 1,690.29.

The electorate of both districts will vote on April 11, 2017 whether to approve creation of the New Unified District.

The New Unified District would be created only if voters in other WRVSU districts approve the WRVSU PK-12 Operating Study Committee's proposal to form a unified union school district that operates all grades beginning on July 1, 2018 (the White River Unified School District) in a manner that makes the New Unified District eligible for incentives under the "Side-by-Side" program established in Act 156 of 2012, Sec. 15.

The New Unified District, which would be known as the First Branch Unified School 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.

The New Unified District would be governed by a school board of six members, with three members allocated to each town. Members would be elected by the voters of the entire New Unified District.

For at least the initial year of operation, students would attend elementary school (through Grade 5) in the school located in their town of residence. A unified middle school program would begin in the first year of operation.

A currently operating school building could not be closed during the first five years of operation unless approved by the voters of the town in which the building is located. After five years, building closure would require a majority vote of the voters of the New Unified District.

If a building is closed and would no longer be used for public education purposes, then the town in which the school building is located would have the right of first refusal and could purchase the property for \$1.00, provided that the town agreed to use the property for public and community purposes for a minimum of five years. The proposal includes provisions addressing use for these purposes for fewer than five years.

The merger vote and election of initial board members would take place by Australian ballot, as required by statute. All later votes on the budget, board membership, and other public questions would be conducted at an annual or special meeting of the New Unified District pursuant to 16 V.S.A. § 562.

POLICY IMPLICATIONS: By enacting Act 46, which incorporated the provisions of Act 153 (2010), the General Assembly declared the intention to move the State toward sustainable models of education governance designed to meet the goals set forth in Section 2 of the Act. It was primarily through the lens of those goals that the Secretary has considered whether the Study Committee's proposal is "in the best interests of the State, the students, and the school districts" pursuant to 16 V.S.A. § 706c.

The Study Committee observes that the "two communities have a long history of close interaction. The two elementary and middle schools 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. ... Over the past two years, the two district boards have been meeting together regularly at the same time and place."

The Committee believes that the biggest hurdle to unification is the fact that the two districts have different education delivery models and proposed merger can occur only if Chelsea voters agree to close their high school. The Committee's report states:

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 [to provide] for high school education [by paying tuition] addresses both concerns.

EDUCATION IMPLICATIONS:

The Study Committee identified a range of potential educational benefits of merger, including:

1. Establishment of a unified middle school program that would initially serve 60-70 students in Grades 6-8 with:
 - a. High-energy, hands-on, project based learning
 - b. Expanded curricular offerings and extra-curricular activities
 - c. Larger social peer group and larger class groupings
2. Potential for intra-district elementary school choice that would allow parents to match student needs to offerings or buildings

FISCAL IMPLICATIONS:

The Study Committee identified \$264,000 in cost reductions related to unifying the delivery of middle school and various support functions. It anticipates that there will be a decreased need for part-time staff and that positions can be shared in library, health, athletics, guidance, and other areas.

See also Act 153, as amended, for cost implications to the State.

See the Report at pages 46-49, Attachments A & B, and appendices A-C, for a more detailed discussion of educational and fiscal elements of the 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.

STAFF AVAILABLE:

Donna Russo-Savage, Principal Assistant to the Secretary,
School Governance
Brad James, Education Finance Manager

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

Dates, ADM, and Name	
Date on which the proposal will be submitted to the voters of each district (16 V.S.A. § 706b(b)(11)):	April 11, 2017
Date on which the new district, if approved, will begin operating (16 V.S.A. § 706b(b)(12)):	July 1, 2018
Combined ADM of all “necessary” districts in the current fiscal year:	350

Proposed name of new district:

First Branch Unified District

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

The Proposed School District is in the Best Interest of the State - as required by 16 V.S.A. § 706c

<p><u>Goal #1:</u> The proposed union school district will provide substantial equity in the quality and variety of educational opportunities.</p>	<p>Explained on page 45-46 of report.</p>
<p><i>Act 46, Sec. 2(1)</i></p>	
<p><u>Goal #2:</u> The proposed union school district will lead students to achieve or exceed the State's Education Quality Standards, adopted as rules by the State Board of Education at the direction of the General Assembly.</p>	<p>Explained on page 45-46 of report.</p>
<p><i>Act 46, Sec. 2(2)</i></p>	
<p><u>Goal #3:</u> The proposed union school district will maximize operational efficiencies through increased flexibility to manage, share, and transfer resources, with a goal of increasing the district-level ratio of students to full-time equivalent</p>	<p>Explained on pages 46-48 of report.</p>

<p>staff.</p> <p><i>Act 46, Sec. 2(3)</i></p>		
<p><u>Goal #4:</u> The proposed union school district will promote transparency and accountability.</p> <p><i>Act 46, Sec. 2(4)</i></p>	<p>Explained on page 48 of report.</p>	
<p><u>Goal #5:</u> The proposed union school district will deliver education at a cost that parents, voters, and taxpayers value.</p> <p><i>Act 46, Sec. 2(5)</i></p>	<p>Explained on pages 46-48 of report.</p>	
<p><u>Regional Effects:</u></p> <p>What would be the regional effects of the proposed union school district, including: would the proposed union school district leave one or more other districts geographically isolated?</p> <p><i>Act 46, Section 8(a)(2)</i></p>	<p>This unification will be very beneficial to Tunbridge and Chelsea. It does not isolate any other district. In fact, it assures that Chelsea is strongly connected to the ongoing functioning of the White River Valley Supervisory Union.</p>	

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

<p>(3) The grades to be operated by the proposed union school district</p> <p>The grades, if any, for which the proposed union school district shall pay tuition</p>	<p>The new district will operate grades K-8 for all students. Grades 9-12 will be provided through tuition payments to the high school of the family's choice. Creation of this new district relies on Chelsea voters closing their high school and tuition students.</p>	
<p>(4) The cost and general location of any proposed new schools to be constructed</p> <p>The cost and general description of any proposed renovations</p>	<p>No new construction is needed in order to create a unified district.</p>	
<p>(5) A plan for the first year of the proposed union school district's operation for:</p> <p>(A) the transportation of students (B) the assignment of staff (C) curriculum</p> <p>The plan must be consistent with existing contracts, collective bargaining agreements, and other provisions of law, including 16 V.S.A. chapter 53, subchapter 3 (transition of employees)</p>	<p>The plan for the first year is included in Article 5. It calls for the district to continue to operate two elementary schools and to unify operation of a middle school in the first year. See page 50.</p>	
<p>(6) The indebtedness of the proposed merging districts that the proposed union school district shall assume.</p>	<p>No indebtedness expected on the part of either district at the time of the actual merger.</p>	
<p>(7) The specific pieces of real property owned by the proposed merging districts</p>	<p>Described on page 55 of the report.</p>	

<p>that the proposed union school district shall acquire, including:</p> <ul style="list-style-type: none"> * their valuation * how the proposed union school district shall pay for them 		
<p>(8) The allocation of capital and operating expenses of the proposed union school district among the proposed member</p>	<p>Repealed.</p>	
<p>(9) Consistent with the proportional representation requirements of the Equal Protection Clause, the method of apportioning the representation that each proposed member town shall have on the proposed union school board</p> <ul style="list-style-type: none"> * no more than 18 members total * each member town is entitled to at least one representative * <i>see also</i> 16 V.S.A. § 706k(c): one or more at-large directors * <i>see also</i> 16 V.S.A. § 707(c): weighted voting 	<p>The board will be made up of 6 members, 3 from each community. Election will be by co-mingled votes of the entire electorate of both towns.</p>	
<p>(10) The term of office of directors initially elected, to be arranged so that one-third expire on the day of each annual meeting of the proposed union school district, beginning on the second annual meeting, or as near to that proportion as possible</p>	<p>Described on page 52 of this report.</p>	
<p>Any other matters that the study committee considers pertinent, including</p>	<p>See page 11 of the report.</p>	

whether votes on the union school district budget or public questions shall be by Australian ballot

(please list each matter separately)

**REPORT OF THE WRVSU STUDY COMMITTEE RELATIVE TO THE
CREATION OF A DISTRICT OR DISTRICTS
THAT OPERATE SOME GRADES AND TUITION OTHERS**

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 must approve this proposal to establish the Unified District, however because Chelsea is not a voting member of the study committee, it is officially an "advisable" district and Tunbridge is officially a "necessary" 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. Provided, however, that such votes shall not become effective unless the voters of other White River Valley Supervisory Union town school districts vote on or before the date established by the Vermont General Assembly for the Forming Districts to obtain financial incentives for merger, but not later than December 31, 2017, to approve the formation of a new unified union district which operates schools for grade levels PreK-12, and said votes become final per 16 V.S.A. 706g, thus allowing the creation of two Unified Districts that qualify as "Side-by-Side" Districts with operation commencement dates of July 1, 2018.

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).

Committee Membership and Charge

This study committee was created by Sharon, Stockbridge, Strafford, 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 weighted membership was agreed upon:

District	Date	Eq.Pupils	%	Proposed Votes	Method of Representation
Sharon	5/5/16	245.69	35%	4	3 Reps each with 1.33 votes
Stockbridge	8/23/16	104.55	15%	2	3 Reps each with .67 votes

Strafford	5/10/16	176.08	25%	3	3 Reps each with 1 vote
Tunbridge	5/16/16	179.54	25%	3	3 Reps each with 1 vote

Members include:

Sharon: Steve Gagliardone, Don Shaw, Karen Henderson

Stockbridge: Carl Groppe

Strafford: Hillary Linehan, Glen Wylie

Tunbridge: Kathy Galluzzo (Chair), Maryann Caron, Anissa Morrison, Maureen Moriarty (alt.)
Eliza Minnucci (alt.), Liz York (alt.)

In addition, the Chelsea, Rochester, and Waits River Districts asked to be part of the committee as informal members, and the committee agreed to their informal participation.

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

Through committee deliberations several things have happened to affect the outcome of this report:

1. Strafford representatives and their board determined that given their "east-facing" location and their high school designation with Thetford Academy, they did not see themselves as part of this new district. They have continued to monitor this committee's effort, but are choosing not to be included in the analyses related to this report and do not plan to take the report to their voters. Their decision is supported by this study committee.
2. Stockbridge and Sharon spent considerable time exploring the advisability of becoming a union district that operates PK-6 and tuitions beyond. They decided for a number of reasons not to pursue creating a unified district. They are not contiguous. Distances are too great for much collaboration. And if the Stockbridge School were to close at some point in the future, the Sharon School would need to serve all elementary students and is 20 miles away. That distance is unacceptable for young elementary students. They, therefore, will not be taking a unification report before their voters at this time.
3. Chelsea chose not to pursue a PK-12 operating district involving other districts and instead has chosen to pursue a unified PK-8 operating district together with Tunbridge. Those two districts are of approximately equal size and have a long history of cooperative educational ventures. Neither of those districts desires to eliminate their middle school. They have come together and are proposing the creation of a unified district.

The Committee supports the creation of the First Branch Unified School District proposed within this report, comprised of Tunbridge and Chelsea.

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.

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

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

The unified district will unify and strengthen the middle school program to better focus the approach and offerings on the needs of middle school-aged students. A unified middle school program would initially serve 60-70 students, grades 6-8. The design of the program 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 program 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.*

CHELSEA-TUNBRIDGE
FY 13 THRU FY 17
EQUALIZED PUPILS/COST PER EQUALIZED PUPIL

		FY13	FY14	FY15	FY16	FY17
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. Combining the two districts makes possible greater efficiencies in operation. There is less need for part-time staff. Staff functions can be shared in library, health, athletics, guidance, and other areas, allowing for efficiencies. Should the middle school be operated in one location, the administration projects savings of approximately \$264,000 to be achieved by unifying the delivery of middle school and various support functions.
2. 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.
3. Unification as a "side-by-side" will allow the Unified District to keep both small schools grants as "Merger Support Grants". The current amounts are: Chelsea: \$135,462 Tunbridge: \$96,773. If the districts choose not to unify, those grants are at risk of being lost.
4. 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 in this report.
5. Taxpayers in the new district receive incentives over the first four years of operation (.08, .06, .04, .02)

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 substantially 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 a PK-12 Operating District within the White River Valley Supervisory Union, will exempt these two districts 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

The Tunbridge Town School District is necessary for the establishment of a new Unified District. The Chelsea Town District is advisable for establishment of a new 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. Provided, however, that such votes shall not become effective unless the voters of other White River Valley Supervisory Union town school districts vote on or before the date established by the Vermont General Assembly for the Forming Districts to obtain financial incentives for merger, but not later than December 31, 2017, to approve the formation of a new unified union district which operates schools for grade levels PreK-12, and said votes become final per 16 V.S.A. 706g, thus allowing the creation of two Unified Districts that qualify as "Side-by-Side" Districts with operation commencement dates of July 1, 2018.

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 an elementary school (grades K-5) in each community. Students will attend the elementary 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.
- 4 (b) The Unified District will provide a unified middle school program beginning at the start of school in 2018.
- 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) Within the first 5 years of operation of the new district, closing a school building would require a majority vote of residents of the town where the building resides. After 5 years it would require a vote of the residents of the new school district.
- 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 who will initially be elected by Australian ballot on an at-large basis by all voters of the Unified District in accordance with Article 9 below. Thereafter, the Board of Directors shall be elected by all voters of the Unified District in the manner specified in Article 11 below. 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.

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 April 11, 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 April 11, 2017. The candidates for the new Unified District Board of School Directors will be elected by Australian ballot on April 11, 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, 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.

Attachment A

Pre-CLA Homestead Tax Rate Projections

CHELSEA AND TUNBRIDGE					
Pre-CLA Homestead Tax Comparisons					
	FY 17	FY18	FY19	FY20	FY21
No Merger Scenario					
Chelsea	1.650	1.660	1.710	1.840	1.900
Tunbridge	1.590	1.630	1.680	1.790	1.840
<ul style="list-style-type: none"> * assumes loss/reduction of hold harmless (Begins FY19) * loss of small-schools grant (FY20) * assumes 2% incr in education spending/yr * assumes 1% reduction of equalized pupils. 					
	FY 17	FY18	FY19	FY20	FY21
Unified District District FY19					
Chelsea	1.650	1.660	1.570	1.640	1.710
Tunbridge	1.590	1.630	1.570	1.640	1.710
<ul style="list-style-type: none"> *assumes retaining hold harmless *assumes retaining small schools grant * assumes 2% incr in education spending/yr * assumes 1% reduction of equalized pupils * factors the .08, .06.... Reduction in tax rates effective with FY19 *assumes physical merger of middle schools in FY'19--to be determined 					
<p>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.</p>					

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
Chelsea							
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
Tunbridge							
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
 APRIL 10-11, 2017

The legal voters of the _____ Town School District are hereby notified and warned to meet at _____ on Monday, April 10, 2017, at _____ 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, April 11, 2017, in order to vote on the following articles by Australian ballot. The polls will be open from ___ to ___ at the _____ Town Offices.

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" or "advisable" for the formation of the Unified District (referred to herein as "Forming Districts"):

Chelsea Town School District—Advisable
 Tunbridge Town School District--Necessary

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. Provided, however, that such votes shall not become effective unless the voters of other White River Valley Supervisory Union town school districts vote on or before the date established by the Vermont General Assembly for the Forming Districts to obtain financial incentives for merger, but not later than December 31, 2017, to approve the formation of a new unified union district which operates schools for grade levels PreK-12, and said votes become final per 16 V.S.A. 706g, thus allowing the creation of two Unified Districts that qualify as "Side-by-Side" Districts with operation commencement dates of July 1, 2018.

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 operating the above-mentioned school on July 1, 2018 ("Operation Commencement Date") provided this article shall have become effective by such date.

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. As of the adoption of these articles, there is no capital debt held by either of the forming school districts.

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. No reserve funds currently exist at the time of adoption of these articles.

6. (c) The forming districts will transfer to the Unified District any pre-existing school district specific endowments or other restricted accounts that may exist on June 30, 2018. Scholarship funds or like accounts held by school districts or the Supervisory Union prior to June 30, 2018 that have specified conditions of use will be used in accordance with said provisions.

7. 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.

8. The provisions of the Report and Formation Plan approved by the State Board of Education on February 21, 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 term 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, March _____, 2017.

, Chair

, Clerk