

Washington West Supervisory Union

Act 46 Study Committee Report

&

Articles of Agreement

Final Report

as approved by the WWSU Act 46 study committee February 18, 2016

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Washington West Supervisory Union

Proudly serving the following communities:

Duxbury (Member U-45)
Fayston
Moretown
Waitsfield
Warren
Waterbury (Member U-45)

Act 46 Study Committee Members:

Duxbury - Sam Jackson
Fayston - Jill Ellis
Harwood ex officio - Garrett MacCurtain (Waterbury)
Harwood ex officio - Rosemarie White (Warren)
Moretown - Gabe Gilman (Chair)
Waitsfield - Christine Sullivan (Vice Chair)
Warren - Rob Rosen
Waterbury - Jason Gibbs (at large member)
Waterbury - Alex Thomsen

All committee members were also school board members for their local communities, or on the Harwood Union High School board.

Thanks to Dale Smeltzer for taking minutes.

Superintendent - Brigid Scheffert Nease

Chief Financial Officer - Michelle Baker

Act 46 Consultants - Jeff Maher and Walter Nardelli

Attorney - Chris Leopold

Signature Page

The undersigned Voluntary Merger Planning Committee members support adoption of the WWSU Voluntary Merger Plan:

1. _____ Gabe Gilman, Chair
2. _____ Christine Sullivan, Vice Chair
3. _____ Sam Jackson
4. _____ Jill Ellis
5. _____ Rob Rosen
6. _____ Jason Gibbs
7. _____ Alex Thomsen
8. _____ Garrett MacCurtain, ex officio
9. _____ Rosemarie White, ex officio

Introduction

The Challenge

All schools of the WWSU strive to offer a high quality educational environment. However, this possibility is threatened by an ongoing decrease, predicted to continue, in the student population in nearly every elementary school district. Nowhere is the problem more apparent than at Harwood Union High School, which suffers the combined effect of declining enrollment. Harwood's woes impact the budget of every member town of the SU, even those with a stable student population. In fiscal year 2009, Harwood had 850 equalized pupils with which to draw revenue into its system. Labor costs, including salaries and benefits, which represent approximately 80% of the budget, have risen since then and will continue to do so. In fiscal year 2016, equalized pupils at Harwood fell to 707, representing a loss in revenue of \$1,352,637. Funding a level service budget for fewer students results in an increase in per pupil spending. The tax rate increases, not only as a result of higher per pupil spending and to cover the loss in revenue, but also to pay penalties associated with a too rapid increase in per pupil spending.

District	2009 equalized pupils	2017 equalized pupils
Fayston	104	94
Moretown	130	108
Waitsfield	143	127
Warren	122	148
Waterbury-Duxbury	667	649
Harwood Union	850	703

Harwood's enrollment and budget challenges are poised to negatively impact quality, and with that the community at large. The building is aging and its learning labs are outdated (a bond is anticipated to address these issues). Enrichment and extracurricular opportunities take hits every year that budget cuts are imposed. Other top tier high schools across the state are increasing the number of Advanced Placement (AP) classes, adding languages, and Science, Technology, Engineering, and Math (STEM) programs, offering extra-curricular activities like speech and debate team, future engineers of America, and robotics and coding clubs. A high school only able to offer the minimum in terms of curriculum should be a concern to all of us as the quality of education offered at the local high school can impact property value more than any other single factor. Families move into the towns of WWSU not just for the elementary experience. We want them to remain for their children's high school education, and to attract others to the region for the quality of education we offer pre-k through 12.

Most of our elementary schools also face challenges due to unstable and declining enrollment. Peer groups are too small, student to teacher ratios too low. In order to maximize per pupil spending, school boards are faced with making choices that focus on budget cuts and tax savings rather than improving classroom learning and the overall quality of education. Even when budgets are cut, there is no guarantee it will correspond to a tax break for the local community. This further threatens the quality of education in our local schools. We do not have equity in curriculum and enrichment activities. For example, not all elementary schools offer languages. Individual school boards do not realize the full extent to which inequity exists because they are isolated from fellow boards. Furthermore there is no consistency across the SU in our elementary schools when it comes to the impacts felt by declining student population.

We have a collective responsibility to maximize efficiencies across our SU to the greatest extent possible and to improve the educational experience overall at the most reasonable cost we can realize for our taxpayers. We need to insure equality in the education all our kids receive and invest in our high school in order to improve the education available there.

Act 46 - a Possible Solution?

The WWSU Executive Board and Act 46 Sub-committee have been meeting jointly twice a month since this past September, usually on the 2nd and 4th Wednesdays, from 5:30-9:30, in the Harwood Union Library. In order to determine how best to proceed, along with administration and consultants, they have been studying the law and its expected implications for the seven schools in Washington West,. The committee has studied the challenges inherent in operating a number of smaller and medium sized schools with declining student population in general, and the impact it will have on Harwood long term. The committee has focused on arriving at solutions that align with the desired outcomes of Act 46:

- Provide equity in the quality and variety of educational opportunities
- Lead students to meet or exceed the Educational Quality Standards (EQS)
- Maximize operational efficiencies through the greater flexibility to manage, share, and transfer resources with the goal of increasing district wide student to staff ratios
- and Promote transparency and accountability

All at a cost that taxpayers, parents, and other stakeholders value.

Background

In 1997, Vermont had the Brigham decision, which determined that all students should have equal access to a quality education, and in part determined cost as a measure of quality. The legislature responded with Acts 60 and 68, which created a statewide funding system and attempted to equalize spending statewide, imposed penalties for going over spending limits, and attempted to insulate lower income and non-resident homeowners from the rapid rise in education property taxes. Prior to Brigham, when all spending was local, tax and educational inequality across existed WWSU. Some towns were “gold” towns with local ski areas and a strong business base, and some were not. Therefore, as we transitioned to a statewide

spending system, member towns fared differently under the legislation. Feelings which still swirl around the impact on the local tax rates, have influenced the Act 46 merger discussion.

Since 2000, Vermont as a whole has experienced a decline in student enrollment. We have roughly 14,000 fewer students, while the number of faculty has remained stable. Most school expenses are labor related: salary and benefits, including health insurance premiums, the cost of all of which have risen steadily. Revenue money, which comes from the state, is based on the number of equalized pupils in a school. Due to declining enrollment, our schools and SU receive less each year. Under our funding system students living in poverty or those who are English language learners carry more weight and draw more funding to their districts. Due to our socio-economic makeup, unlike in many other districts, our number of equalized pupils is roughly equal to our number of actual pupils. This means we don't fare as well under the current system as many other schools. This is unlikely to change.

Throughout the time the state has experienced declining enrollment, the legislature has been creating higher expectations for Vermont schools and students, and been faced with new challenges. We have adopted the Education Quality Standards and Act 77, which addresses personal learning goals and proficiency based advancement. Act 166, which provides universal preschool education for 3, 4, and 5 year old children not in kindergarten, has been enacted to insure that all children receive a quality preschool experience that prepares them for kindergarten. In addition to the significant cost pressures on budgets, our schools have been impacted by an increase in poverty and addiction rates statewide. There has been growing inequity in student opportunities and outcomes. There is a high rate of leadership and board member turnover, over 40% annually, which threaten continuity and quality in education. The legislative focus has been on finding a statewide solution for the sake of all children.

In 2010, Vermont passed Regional Education District (RED) legislation through Acts 153 and 156. The intent was to centralize services such as special education and transportation, and to encourage larger units with supervisory unions voluntarily merging into supervisory districts. This did not happen. Only one Modified Unified Union District (MUUSD), Chittenden East, was formed. In districts and SU's across the state, Act 156 centralization needs to be completed by the end of fiscal year 2017, or a 5% penalty will be levied on special education and transportation services. In our own supervisory union, the centralization of transportation has been completed and special education services have been moved into the WWSU budget for FY 2017.

Act 46 was passed in the spring of 2015. It eliminates supervisory unions and makes them unified union districts establishing new boundaries that encompass those of former member districts. In creating Act 46, the legislature provided certain incentives in the form of tax breaks, the continued access to small schools grants and protections against declines in student enrollment (phantom students). Several schools in our SU benefit from the latter two. Act 46 legislation provides two different structures of incentives for those districts merging prior to the respective deadlines. The AOE has been given the authority, after the deadlines, to determine which remaining districts will be involuntarily merged. Involuntary merger offers no opportunity

to take advantage of the tax incentives; and the small schools grants and phantom students will be phased out for districts merging this way. Given our current structure and relationship, the AOE believes the decision of whether to merge our member districts into a single district an easy one to make.¹

Act 46 requires that by July 1, 2019, all supervisory unions have one board and one budget in order to achieve a “sustainable governance structure” responsible for providing pre-k to 12 education serving at least 900 students at a reasonable cost. There are three paths:

- Accelerated Transition: A vote on merger must be made on or before June 30, 2016. All districts of the SU must vote in the affirmative. The new district must be operational by July 1, 2017, and will oversee the budget for FY 2018. Beginning in the first year of operation, a reduction on the tax rate will be applied for the first five years in the following manner: \$.10/.08/.06/.04/.02. Unified Districts will continue to receive the small schools grant and protection against declining enrollment.² A grant of \$150,000, minus a previously received study committee grant of \$20,000, will be available to support transition.
- Conventional Transition: A vote on merger must be made on or before June 30, 2017, with a majority if not all of the districts voting in the affirmative. The new district must be operational in FY 2019. Beginning with the first year of operation the reduction on the tax year will be applied for the first four years in the following manner: \$.08/.06/.04/.02. Districts will continue to receive the small schools grant and protection against declining enrollment. A grant of \$150,000, minus a previously received study committee grant of \$20,000, will be available to support transition.³
- Self-Assessment: If we do nothing, we must submit a report, by November 30, 2017, to the State Board of Education and Secretary of Education showing how we will meet the quality and cost objectives identified by the state and indicate how this will be achieved in the current structure. School boards will need to show how they met with other boards in an attempt to unify or merge, but were unable to. In order to maintain our current structure we would need to prove:
 - That we provide complete equity in the quality and variety of educational opportunities to all of our students. As it stands we currently do not because, for example, not all member districts offer foreign languages at the elementary level.

¹ At a May 2015, meeting attended by various WWSU representatives, agents from the AOE indicated they anticipated merging our SU into a district along our current boundaries rather than accepting an alternative governance structure.

² Currently, two schools in WWSU receive small schools grants totalling about \$107,000.

³ WWSU has written Articles of Agreement, which in the case of majority, but not unanimous consent of the member districts will allow for a conventional merger, with the corresponding benefits, on an accelerated timeline.

Also, each school in our SU provides a different level of services at the Pre-K level, including with aftercare options.

- That our decisions and organizational structures lead students to meet or exceed the EQS.
- That we have maximized operational efficiencies through greater flexibility to manage, share, and transfer resources from school to school, with a goal of increasing district level student to staff ratios.
- That we promote transparency.
- That we serve ADM of 1,100 or more.
- That we have the smallest number of districts practicable.
- That we can demonstrate we operate with a collective responsibility for a prek-12 students in the SU.
- That we provide all of this at a cost taxpayers, parents, and other stakeholders value.

In 2019, the Secretary of Education will develop a statewide plan to transition all districts into sustainable governance structures. If we wait until 2019, we no longer can determine the terms under which this will be done. We will have lost the opportunity to take advantage of the tax incentives. We will lose the small schools grants and protection against declines in student enrollment and, along with them, access to transition facilitation grants. Given our current governance structure and the fact that many of the services we provide already operate under a consolidated model, it is highly likely the AOE will merge us if we cannot merge ourselves. We already know the current model is not sustainable due to the inherent costs and redundancies inherent in continuing to operate as separate districts.

Along with the tax incentives, an accelerated merger or conventional merger would offer many benefits. First among them is the ability to address the existing issues described in this report in a more timely manner. The biggest advantage is that the ability to combine capacity would provide elasticity to make change and respond locally within the current SU boundaries to future declining enrollment, and cost and quality issues that may arise. We would be able to offer elementary school choice, which would allow children to attend the nearest school with no penalty to the home school. We could possibly save on busing. Costs for special education would be spread over a bigger base. No one school's budget would be hit hard should a student with costly needs enter its system. Spikes in the tax rate created by issues like this and swings in population would be stabilized by spreading the cost across a wider base.

Executive Summary

In the fall of 2015, a group of 9 residents, representing the member town districts of Duxbury, Fayston, Moretown, Waitsfield, Warren and Waterbury, convened to consider the question, "Should our communities create a unified school district?" This was done with the mutual understanding that as individual districts, costs created under the current model are no longer sustainable. In the interim, the committee:

- Continued to ask questions relevant to our situation.

- Listened to presentations by the superintendent and WWSU business manager, supported with evidence.
- Studied how other supervisory unions and districts had addressed the issue of merger while focussing on educational and financial gains.
- Examined detailed analyses of potential cost savings that could be generated both by budget reductions, which could only be achieved through a merger, and the Act 46 incentives. These were prepared and presented by the business manager.
- Pledged early on to bring the question of merger to vote in all WWSU communities.
- Listened to, and discussed, presentations on the possible educational gains for students which could be brought to fruition only through merger.
- Discussed financial details, including Act 46 incentives, maintenance fund balances, current indebtedness, possible construction projects to the Warren School and Harwood Union High School, and the tax implications these would have for all the communities in the new district.
- Discussed how declining enrollment at HUHS was eroding quality and educational opportunities at the school and inhibiting the school's ability to create a 21st century education for all students, as well as how a perceived lack of quality education would continue to negatively impact property values and future enrollment.
- Raised, discussed, and sought answers to legal questions from counsel in an attempt to determine their ramifications on the merger process. Many of these specifically related to the already existing union between Duxbury and Waterbury (U-45)⁴, their corresponding "ghost boards," the fate of currently existing maintenance funds, and the nature of a continued relationship with currently existing 501(c)3 organizations at each school.
- Discussed a means through which local communities could still have a voice and influence within the unified district.

In December 2015, work commenced on draft Articles of Agreement. These were completed and adopted on February 18, 2016, in anticipation of an early May vote.

Continued Educational Excellence

Our member communities are proud of the education provided to students in their schools. We have high quality teachers, support staff, school administrators, and supervisory union leaders, dedicated volunteers and parents, and overwhelming community support. Upon conclusion of its study, the committee believes that the formation of a unified school district pre-kindergarten through grade 12 would expand the quality of education and opportunity for students in our communities. The long term educational and financial benefits of the merger should outweigh fears over changes which could be brought about by merger, and a reluctance to take on any bond debt already encumbered or otherwise. Certain changes, such as school closure, which many perceive to be the intent of a merger, already have the potential to happen in the current

⁴ Waterbury/Duxbury have a union school system Pre-K through 8. Their votes, by Australian ballot, are co-mingled before being counted. For the purpose of a merger vote the towns will vote, and have their votes counted, separately, but their results must be the same. If one town votes no, that would nullify a yes vote by the other. A successful vote would dissolve their currently existing union and ghost boards.

model and ahead of the dates described in the articles of agreement⁵ as instability could be more drastic with smaller districts. We believe that together we can improve education for all students and bring tax relief and stability to our member communities. We can make a difference for all children.

Increased Educational Opportunities

Through merger we believe the following educational opportunities and improvements are possible:

- Parents could exercise intra-district school choice without serious financial penalty to any one school. Students could attend any of our schools. Taking into consideration the needs of sending and receiving schools, parents might be able to choose the school closest to their homes or places of work. For those without their own means of transportation, coordinated busing would allow students to access choice.
- We would have increased capacity and better flexibility among schools to share staffing, especially when it is necessary to address serious and continued declines in enrollment. This would better enable us to optimize student to staff ratios, not only in the interest of reducing spending, but also to provide more robust peer groups in our schools and classrooms. We currently have, and have seen several times in recent years, elementary school classrooms with 8 to 11 students and middle school classrooms of 14 to 15 students. Most larger school districts in Vermont are able to offer research supported classrooms of 18-20 in grades K-2; 18-22 in grades 3-4; 20-25 in grades 5-6; and 24-28 in grades 7-8.
- We would be able to share resources across schools when feasible. As an example, we could buy one expensive science kit instead of six, share physical education equipment, specialized technology, floor cleaning machines and maintenance equipment, software and operating systems, and numerous other items that would not need to be duplicated for the programs and services we provide.
- We would be able to innovate the sharing and restructuring of what we do now. Learning units and modules could be created and delivered in such a way that they can be rotated through schools, avoiding the purchase of expensive learning materials in duplicate. We could restructure the grade formations in buildings. We could merge both middle schools into Crossett Brook, or merge student bodies across two campuses, which could allow for specialized academies. We could create grade specific buildings in some of the Valley schools in order to address declining enrollment and create healthy class sizes.
- It is important to note that we might choose not to implement any of these ideas. However, it is only through merger that we could consider their feasibility as affordable measures of improving opportunity and achieving cost savings in light of the harsh reality of declining enrollment. If we fail to merge we are unable to even have a conversation given current state statutes and the reality of the funding formula. There will be no opportunity to realize these types of cost savings that will continue to be necessitated by

⁵ The articles of agreement specify the Unified District cannot close a school within its first four years of operation unless agreed to by the electorate of the town in which the school is located.

declining student enrollment. Given financial realities, the opportunity to improve quality and equity is unlikely to materialize.

- We could provide more equitable learning opportunities for students in all towns of residence. For example, if we value foreign language instruction, we would offer it to all students in grades K-12 in all our schools, with the same amount of instruction at the designated intervals. At the present time, foreign language is not available in all of our elementary schools, which leads to disparity, based on town of residence, when students reach high school. The intent of unification is to create a pre-K through 12 continuum that guarantees equality and equity of experience so that all students have the skills to more equitably access the high school curriculum.
- Schools could continue to enjoy events and experiences unique to each, supported by their respective parent-teacher groups, other 501(c)3 organizations, which would help preserve the culture and feel of each. Act 46 is not trying to create identical schools. In a unified district, such as Burlington, each school has its own personality, special events, etc. The new district board would address issues of equal opportunity around core academics, curricula, technology, and the State Board of Education Quality Standards.

Financial Incentives

Through merger, the following savings are possible:

- Tax rates would still be determined using the existing formula, however, the state would offer an off-the-bottom-line reduction reduction of \$.10 in the first year, then \$.08/.06/.04/.02 in the following years.
- We would indefinitely keep the Small Schools Grant money currently received by Fayston and Moretown, totalling approximately \$107,000 annually, as merger grant money.
- We would be exempt from some of the actual costs of declining enrollment in future years by being eligible to continue to receive the protection of phantom students in our calculations indefinitely. Currently, three of our towns receive receive this protection with the Harwood Union budget being the biggest beneficiary.
- Although the legislature recently changed the conditions by which each district's Allowable Growth Penalty (AGP) is calculated, and repealed it for fiscal year 2018, it is expected to be replaced with some other form of cost containment measure for FY 2018. According to the provisions of Act 46, merged districts would be exempt in FY 2018.

Projected Savings

Annual Savings Made Possible Through Merger

Town treasurer services and expenses	\$4,500
Board secretary expense	\$12,000

One audit instead of seven	\$14,000
Board member dues/fees, and expenses	\$14,310
Board Insurance	\$15,000
Ability to fully earn EEE grant	\$6,000
Total	\$65,810

Potential Additional Savings for Future Consideration

Potential annual cost reduction in relocating unified district offices into Harwood school	\$35,000
Food services cost to general fund, which could be reduced through efficiencies and/or contracting out (currently operating at a loss in every SU school)	Currently \$131,205
Total of 19.21 FTEs for maintenance and operations throughout SU, could be reduced through sharing	Currently \$358,606
Annual equipment costs, which could be reduced by avoiding duplicate purchases	Currently \$45,000
Potential savings associated with more flexible staffing	TBD
Potential savings with Special Education out of district placements	TBD

Another area in which to explore potential savings is class size. There has been a decrease in student population in most of our schools, Warren being the exception. Small class sizes should be brought into alignment with the Vermont Quality Standards: 18-20 in grades K-2; 18-22 in grades 3-4; 20-25 in grades 5-6; and 24-28 in grades 7-8. Not only would it save money, it could redirect some, not all, of the savings into insuring equity of education for all students, and meet or exceed the Quality Standards, while lowering per pupil expenditure. Many times over the past five years there have only been 8 to 11 students in several classrooms at different schools throughout the SU. These micro-classrooms drive up per pupil spending and tend to not be the rich learning environments we seek for our children.

School	Smallest Class	Largest Class	Average Class Size K-6
Fayston	13(K)	22(1st-2nd)	13.43
Moretown	12(4th)	17(5th)	15
Waitsfield	8(K)	19(5th-6th)	16
Warren	14(3rd-4th and 5th-6th)	20(1st-2nd)	18.75

Conclusion

