

AGENCY OF EDUCATION
Barre, Vermont

TEAM: School Governance Team

ITEM: Will the State Board of Education find that the proposed **CONTINGENT** formation of a unified union school district by two member districts of the **WHITE RIVER VALLEY SUPERVISORY UNION (WRVSU)**, **BETHEL** and **ROCHESTER**, 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 **AMENDMENT** to the January 31, 2017 Report of the WRVSU PK-12 Operating Study Committee (Study Committee) and to assign the new district, if formed, to the WRVSU?

RECOMMENDED ACTION:

- 1. That the State Board finds that the proposed contingent formation of a new unified union school district by the BETHEL and ROCHESTER School Districts, to be named the BETHEL-ROCHESTER 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 votes to approve the attached AMENDMENT to the January 31, 2017 Report of the WRVSU PK-12 Operating Study Committee.**
- 3. That the State Board votes to approve the assignment of the new unified union school district, if formed, 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. After passage of Act 46, the ten districts formed three formal study committees under 16 V.S.A. § 706. The study committees presented proposals to the State Board of Education on February 21, 2017 to create three new unified union school districts with the following members:

- The White River USD (PK-12 operating) – Bethel; Rochester; Royalton¹
- The First Branch USD (PK-8 operating/9-12 tuitioning) – Tunbridge; Chelsea
- The Granville-Hancock UD (PK-12 tuitioning) – Granville; Hancock

¹ See Agenda Item Q1 from the February 21, 2017 State Board of Education meeting for the January 31, 2017 Report for the Bethel, Rochester, and Royalton School Districts. See Item Q for earlier, incorporated reports.

In order to be eligible for the tax rate reductions and other transitional assistance available for the creation of “Side-by-Side” mergers under Act 156 of 2012, formation of each of the three proposals was contingent on creation of one PK-12 district that operated all grades and at least one PK-12 district that tuitioned some or all grades. In order to ensure eligibility, the proposed articles of agreement conditioned formation of the First Branch USD and the G-H USD on voter approval of the White River USD. Similarly, formation of the White River USD was contingent on voter approval of either or both of the other two proposals.

The proposals were presented to the voters on April 11, 2017. The voters in Bethel, Rochester, Chelsea, Tunbridge, Granville, and Hancock each approved their respective proposal by wide margins. The voters of Royalton disapproved the proposal by more than 2-to-1.

As a result of Royalton’s vote, none of the three proposed unified union school districts will be formed.

Royalton voters have filed a petition for reconsideration of the unfavorable vote. It is also possible that voters in Bethel or Rochester may file a vote to reconsider the favorable votes in those districts.

The PK-12 Operating Study Committee reconvened and voted on May 2, 2017 to support an *amended* proposal to create a new unified district by merging the Bethel and Rochester School Districts. If approved by the State Board, the Study Committee would present the *amended* proposal to the voters *only if* one of three events occurs:

- The Royalton voters do not file a petition for reconsideration and the April 11, 2017 vote becomes final at the close of business on Thursday, May 11; or
- The Royalton voters, on reconsideration, do not approve the proposal; or
- The Bethel and/or Rochester voters overturn their favorable votes on reconsideration

If none of the three districts reconsiders its vote, then the *amended* proposal will be presented to the voters of Bethel and Rochester on June 20, 2017. If one or more of the districts reconsiders its vote and if the three-district merger is not approved on reconsideration, then the *amended* proposal will be presented to the voters of Bethel and Rochester prior to October 1, 2017.²

II. The Bethel-Rochester Unified School District – *amended proposal*

In FY2016, the combined average daily membership (ADM) of the Bethel and Rochester School Districts was 370.89 (Bethel: 275.49; Rochester: 95.40) and the combined ADM of all ten WRVSD districts was 1,690.29.

² The Amendment to the January 31, 2017 Report states on page 3: “Should the vote [on the amended proposal] be in the affirmative prior to November 30, 2017, this approval will be considered to have met the June 30 [voter] deadline outlined in Act 46 [sic].” Amendments contained in the Committee of Conference Report to H.513 approved by the Senate on Friday, May 5, 2017 likely make it unnecessary to consider whether this statement is supportable. If the House of Representatives also approves the H.513 Report, then the voter deadline for Side-by-Side and other “Phase 2” mergers will be extended to November 30, 2017.

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

Beginning in the first year of operation, the New Unified District would offer:

- An elementary school offering PK-5 education in both of the two towns
- A unified middle school in which all students in Grades 7-8 would be educated together and by a common faculty, but at multiple locations
- A single high school program offering Grades 9-12 centered in Bethel
- An outdoor education and environmental program in Rochester will be designed and offered as part of the high school program

The Study Committee Report acknowledges that the New Unified District may want to change the delivery of education in the future by, for example, designating a nearby public high school as the school for its students or switching entirely to tuition-payment for those grades.

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

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

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

If a school building is closed and would no longer be used for the direct delivery of student education programs, 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.

All future votes on the budget, Board membership, and other public questions would be by Australian ballot.

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’s January 31 Report reviewed data such as demographics, dropout rates, costs per pupil, and programmatic offerings. “Given the immediate challenges [identified by the Study Committee, including current socioeconomic factors and the small scale of operations, the

Committee] sought not only to create a unified governance structure, but also to put before the voters greater detail ... for substantial changes in the delivery of education in this region, beginning in year one, the fall of 2018.” The proposal made at that time was a bold one, involving programming for Grade 6-8 students from all three towns at the Bethel campus, high school programming at the Royalton campus, and a new outdoor, experiential, career-focused program for secondary students in Rochester.

Although the positive affects of unification are less dramatic without the ~350 Royalton students, the Study Committee has identified a range of potential educational and fiscal benefits of the proposed Bethel-Rochester USD. For example, merger of the two districts will enable the new district to respond to students’ request for more peer interaction and access to a broader array of curricular offerings. Creation of outdoor programming in Rochester will provide new opportunities to prepare students for careers in technical and professional fields. Unification of the two districts will enable more flexible use of staff and other resources and will help stabilize tax rates by creating a slightly larger “risk pool.” Finally, creation of the Bethel-Rochester USD permits the other two, approved USD proposals to proceed, and gives Bethel and Rochester time “to design a long-term approach to high school education.”

Although this amended, contingent proposal was not the first choice of the Study Committee, the 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.

This recommendation would be incomplete if it did not acknowledge the tremendous and hard effort of so many citizens of Rochester and Bethel to design a strong and affordable education options for students and taxpayers.

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

Proposed name of new district:	Bethel-Rochester School District
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Please complete the following tables with brief, specific statements of how the proposed union school district will comply with the each of the listed items. Bulleted statements are acceptable.

The Proposed School District is in the Best Interest of the State – as required by 16 V.S.A. § 706c		
<p><u>Goal #1:</u> The proposed union school district will provide substantial equity in the quality and variety of educational opportunities.</p> <p><i>Act 46, Sec. 2(1)</i></p>	Explained on pages 5-8 of the report.	
<p><u>Goal #2:</u> The proposed union school district will lead students to achieve or exceed the State’s Education Quality Standards, adopted as rules by the State Board of Education at the direction of the General Assembly.</p> <p><i>Act 46, Sec. 2(2)</i></p>	Explained on page 5-8 of the report.	
<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>	Explained on pages 8-10 of the report.	

<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 11 of the report.</p>	
<p><u>Goal #5:</u> The proposed union school district will deliver education at a cost that parents, voters, and taxpayers value.</p> <p><i>Act 46, Sec. 2(5)</i></p>	<p>Explained on page 8-10 of the report.</p>	
<p><u>Regional Effects:</u></p> <p>What would be the regional effects of the proposed union school district, including: would the proposed union school district leave one or more other districts geographically isolated?</p> <p><i>Act 46, Section 8(a)(2)</i></p>	<p>This proposal will help achieve slightly larger districts in the region. The only PK-12 school district in the neighborhood would be Royalton, which has already rejected involvement in a merger with these towns.</p>	

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

<p>(3) The grades to be operated by the proposed union school district</p> <p>The grades, if any, for which the proposed union school district shall pay tuition</p>	<p>Grades K-12 will be operated for all students.</p>	
<p>(4) The cost and general location of any proposed new schools to be constructed</p> <p>The cost and general description of any proposed renovations</p>	<p>No new schools are required for this unification to occur. No immediate renovations are anticipated.</p>	
<p>(5) A plan for the first year of the proposed union school district's operation for:</p> <ul style="list-style-type: none"> (A) the transportation of students (B) the assignment of staff (C) curriculum <p>The plan must be consistent with existing contracts, collective bargaining agreements, and other provisions of law, including 16 V.S.A. chapter 53, subchapter 3 (transition of employees)</p>	<p>Explained on pages 12-13 of the report.</p>	
<p>(6) The indebtedness of the proposed merging districts that the proposed union school district shall assume.</p>	<p>See page 13-14 of the report.</p>	

<p>(7) The specific pieces of real property owned by the proposed merging districts that the proposed union school district shall acquire, including:</p> <ul style="list-style-type: none"> * their valuation * how the proposed union school district shall pay for them 	<p>See pages 14-15 of the report.</p>	
<p>(8) The allocation of capital and operating expenses of the proposed union school district among the proposed member</p>	<p>Repealed.</p>	
<p>(9) Consistent with the proportional representation requirements of the Equal Protection Clause, the method of apportioning the representation that each proposed member town shall have on the proposed union school board</p> <ul style="list-style-type: none"> * no more than 18 members total * each member town is entitled to at least one representative * <i>see also</i> 16 V.S.A. § 706k(c): one or more at-large directors * <i>see also</i> 16 V.S.A. § 707(c): weighted voting 	<p>The committee is proposing the “hybrid model” for comprising a new board. Three residents from each town will be elected to the new board by a comingled election involving voters from both towns. This is described on page 15 of the report.</p>	
<p>(10) The term of office of directors initially elected, to be arranged so that one-third expire on the day of each annual meeting of the proposed union school district, beginning on the second annual meeting, or as near to that proportion as possible</p>	<p>Described on pages 15-16 of the report.</p>	

<p>Any other matters that the study committee considers pertinent, including whether votes on the union school district budget or public questions shall be by Australian ballot</p> <p><i>(please list each matter separately)</i></p>	<p>Other matters are covered on page 17 of the report.</p> <p>Article 11 calls for Australian ballot voting in the future.</p>	
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**REPORT OF THE STUDY COMMITTEE RELATIVE TO THE CREATION OF
A NEW UNION DISTRICT IN THE
WHITE RIVER VALLEY SUPERVISORY UNION
OPERATING SCHOOLS IN GRADES K-12**

AMENDMENT TO REPORT OF JANUARY 31, 2017

MAY 4, 2017

Introduction and Update

In early February, 2017, the White River Valley Supervisory Union submitted an overall summary of its journey to address the goals of Act 46. The submission included reports from three separate study committees, each proposing the creation of districts with different operating and tuitioning patterns. The three were linked within the context of the White River Valley SU and were linked so they would comprise “side-by-side” structures and qualify for the incentives and protections of Act 46. All three proposals were unanimously approved by the respective committees. They called for the creation of three new unified districts as follows:

White River Valley Unified District	Bethel, Rochester, Royalton
First Branch Unified District	Chelsea, Tunbridge
Granville-Hancock Unified District	Granville, Hancock

The State Board reviewed and approved the proposals on February 21, 2017 and they were set for a vote on April 11.

On April 11, six of the seven towns approved of the proposals. Only Royalton voted against the plan. The votes were as follows:

<u>Town</u>	<u>Yes</u>	<u>No</u>
Bethel	320	67
Rochester	213	178
Royalton	203	462
Chelsea	173	78
Tunbridge	151	109
Granville	23	3
Hancock	35	4

The defeat of the proposal in Royalton has prevented any of the proposals from proceeding at this time, since the two smaller mergers were dependent on the success of the larger.

The language in Article 1 of both smaller mergers provides 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.* All three new districts can be implemented if a PK-12 District can be successfully implemented.

Given the magnitude of the defeat by South Royalton, the Bethel and Rochester school districts have decided to proceed on their own to develop a plan for unification that will allow their two towns to take positive steps to address the goals of Act 46. Timely progress by those towns also would allow the completion of the unification process for the First Branch Unified District and the Granville-Hancock Unified District.

The White River Valley SU PK-12 Study Committee voted on May 2, 2017 to support the proposal to create the Bethel-Rochester Unified District as a logical next step in this journey.

Legal Framework for this Proposal

This report is submitted as an Amendment to the larger reports previously submitted. The larger reports provide extensive background on the region and analysis of educational needs and financial circumstances. This report begins with the current situation and speaks only to the plan for Bethel and Rochester.

We seek approval for this proposal by the State Board at its meeting on May 16, 2017. We understand that the ability to move forward with a community vote in Bethel and Rochester will be contingent on the following:

1. Should a reconsideration vote be requested in any of the three original voting towns (originally voted on April 11, 2017) within the 30 day reconsideration period, those reconsideration votes will need to be completed and the results certified before voters can be asked to consider the proposal outlined in this document.
 - 1.a. Should the result of any reconsideration votes be approval in all three towns and the creation of the White River Unified School District, this proposal, as approved by the State Board, would be null and void and may not be put before the voters.
 - 1.b. Should the result of any reconsideration votes be a negative vote in one or more of the three towns, preventing the White River Unified School District from being created, this proposal would be immediately eligible to be put before the voters of Bethel and Rochester. Should the vote be in the affirmative prior to November 30, 2017, this approval will be considered to have met the June 30 deadline outlined in Act 46.
2. Should a reconsideration vote not be requested in any of the three original voting towns within the 30 day reconsideration period, this proposal will be put before the voters of Bethel and Rochester on June 20, 2017.
3. The PK-12 Operating Study Committee shall remain in existence until full consideration of this amended proposal, pursuant to the time frames laid out in 706b(a) and 706g.

The Proposal

The proposal is for the Bethel and Rochester school districts to unify and become a single PK-12 operating district, called the Bethel-Rochester Unified District. If this proposal is approved by voters, all three new unified districts within the White River Valley Supervisory Union will be created and all six towns will move their systems forward, and be able to benefit from the range of incentives and protections of Act 46. This would allow substantial movement forward toward all of the major goals of Act 46 across all six towns.

Bethel and Rochester have a long history of collaboration. They have shared programs in music, driver's education, and time-limited class offerings. They have shared a sports program in recent years and have worked in a collaborative and trusting way on the recent merger of supervisory unions and the Act 46 planning processes.

The new unified district will be relatively small, but will serve as a strong building block to continue to achieve the goals of Act 46. The chart below shows the size of the districts separately and combined.

ADM by GRADE GROUPINGS Dec. 2015						
District	EEE	PK	Grades K-6	Grades 7-8	Grades 9-12	Total
Bethel		22.2	136.75	28.8	83.13	270.88
Rochester		11.4	51	13	20	95.4
TOTAL		33.6	187.75	41.8	103.13	366.28

The PK-12 Operating District, involving Bethel and Rochester will approach the new structure as follows:

Elementary School-- The new district will provide elementary education in the current elementary schools in Bethel and Rochester for students in grades PK-6.

Middle School-- The new district will operate a unified middle school program based on the principles of middle school education outlined later in this document. All students from both communities will be educated together under a single school name and with a common faculty, but with multiple physical locations. Actual education delivery will intentionally be organized

and scheduled to optimally use the facilities of both communities. The new program will be designed by administration and faculty of both schools and will be approved by the School Board of the Unified District.

High School-- In the first year, a single high school program, grades 9-12, will be offered at Whitcomb High School, serving students from both communities. A part of that program will be the offering of an outdoor education program in Rochester, details to be designed.

The study committee understands that a high school of 100 students is not sufficient to efficiently provide the full range of opportunities for students over the long-run. However, given the complexity of the region and its patterns of education delivery, the new district will need a year or two to design a long-term approach to high school education.

Despite the sacrifices required of both towns in the original proposal, including the closure of two high schools, both communities approved the original plan and proved our willingness to make needed changes in the interests of their students and taxpayers. This commitment to creating a new future will continue to guide the decisions of our communities.

Fulfilling the Goals of Act 46

Unification creates a substantial opportunity for achieving the goals of Act 46 and for assuring that we are in control of our own destiny. Although the numbers are quite small, even after unification, coming together creates a foundation from which to build, especially at the high school level.

Improving Education Quality, Opportunity, and Equity

All of the work that has gone into planning for a larger unified district remains pertinent. The new White River Unified District will remain committed to a student-centered approach. Our vision includes:

The new district will be characterized by:

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

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

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

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

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

Substantial parent and community involvement in all local schools.

A transportation policy and system which promotes student access to and participation in the full range of curricular and extra-curricular offerings, with special attention to students living far from the school building that serves their grade level, including the provision of space and supports for students awaiting busses.

Effective use of all facilities in the new district including both gymnasiums and the performing arts capacity and forest property of Rochester. The district will also seek to schedule athletic events in both communities of the district to allow for greater involvement of all communities in the educational opportunities of students.

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

Elementary School

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

Middle School

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

Cooperative learning in teams.

Strong student/teacher relationships.

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

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

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

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

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

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

High School

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

As a somewhat larger school, we will seek to create some greater opportunities in curricular programming and extra-curricular offerings. Our communities matter. Curriculum will be integrated into all of our communities. Students will create Capstone projects that represent their creativity, knowledge, interests, and the skills they have gained as they have mapped their educational pathways.

High school education will be operated as one school, under one administrative and faculty structure, but will be delivered in two primary locations as well as in many community locations. At the outset, the primary high school will be located at Whitcomb High School in Bethel, with the Rochester School hosting a specialized program in Outdoor Experiential Learning.

Over the next 1-2 years, the District will revisit the entire high school program and consider the range of options including maintaining a school within the district, designating a neighboring high school, or offering greater family choice.

Outdoor Experiential Learning Program

One of the very unique offerings of the Unified District will be an Outdoor Experiential Learning Program at its Rochester, VT campus that will prepare students for careers in technical and professional fields. The size and scope of the program will be determined by the new unified board as it analyzes the overall capacity of the district and considers marketing strategies to bring students from other schools.

Achieving Efficiency and Sustainability

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

The merging of districts results in the merging of budgets and creates a single pre-CLA tax rate. Cost per equalized pupil is one of the major drivers of local tax rates. The chart below shows that those costs, as calculated by the state, have been reasonably close between the two districts over the past five years. The chart also shows, however, that Rochester has benefitted from a large percentage of “phantom students” as well as from a small schools grant, both of which are at risk of phase-out as a result of Act 46. These variables are explained in greater detail later in this section.

WHITE RIVER VALLEY SU PK-12 OPERATING DISTRICTS							
FY 13 THRU FY 17							
EQUALIZED PUPILS/COST PER EQUALIZED PUPIL							
		FY13	FY14	FY15	FY16	FY17	FY18
Bethel	Equalized pupils	267.18	271.09	278.94	288.56	286.98	273.98
	Cost per Eq/Pupils	\$ 15,088	\$ 15,517	\$ 16,168	\$ 16,570	\$ 16,610	\$ 17,385
Rochester	Equalized pupils*	154.2	148.8	143.59	138.56	133.71	120.34
	Cost per Eq/Pupils	\$ 11,956	\$ 14,085	\$ 13,814	\$ 14,159	\$ 15,558	\$ 16,389
	Equalized pupils	421.38	419.89	422.53	427.12	420.69	394.32
		\$ 13,942	\$ 14,525	\$ 15,368	\$ 15,788	\$ 16,276	\$ 17,081
	*Number of phantom students included in Rochester Eq. Pup. number	48.81	52.72	42.83	33.33	32.38	19.01
Disclaimer: The "Combined" section is simply for illustration purposes. It does not reflect any cost savings that may result from unification.							

There are a number of financial advantages of unification:

Greater Efficiencies

Combining the two districts makes possible greater efficiencies in operation. That is especially true given the plan to consolidate middle and high school education. No longer will these towns seek to operate two full secondary programs which can meet all state standards and respond effectively to many student learning styles. Operating together will, literally, make it possible to deliver more for less. Even in the elementary grades, there will be some savings available across the elementary schools. There may be less need for part-time staff. Some specialized functions may be able to be covered by a single staff member serving more than one school. The administration estimates that savings from the merging of middle school programs and high school programs will be approximately \$180,000.

Stabilization of Local Homestead Tax Rates

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 result in a much larger student count and make the district less prone to swings in student population which can affect tax rates. In essence, unification creates a larger “risk pool”, stabilizing per-student cost.

Maintenance of Small Schools Grants

Unification will allow the new district to keep the small schools grant that has been allocated to Rochester for a number of years. In the new district, it becomes a “Merger Support Grant”. The grant in 2017 has been in the amount of \$164,885.

Reinstatement of the “ADM Hold Harmless” Provision

One feature of Act 46 is to phase out the “ADM Hold Harmless” provision of Act 60, but to allow its continuation for districts that unify within certain parameters. Over the years, Rochester has benefitted more than almost any other district in the state.

It is important for our citizens to understand this potential benefit. In short, homestead property tax rates are determined in part, on the amount of education spending *per pupil* in a particular district. That figure is driven by the amount spent, divided by the number of students counted by the district. Current law related to education finance provides protection for districts which are rapidly losing students from their count. The “hold harmless” provision

has protected a district from losing more than 3.5% of its student count in a given year. If the number of students continues to decline substantially over time, the 3.5% reduction for subsequent years is applied against the artificially inflated number from the previous year and, thus, over time, a district could be counting a large number of students who don't actually exist—thus the term, “phantom students”. As a result, Rochester has counted a number of these students. In 2017, Rochester counted 32.73 “phantom students”, 25% of its total count. Without phantom students, Rochester’s cost per student would have jumped 43%, resulting in a sizable tax increase. Act 46 eliminates the hold harmless provision, beginning a phase out in FY’18, but it is re-activated for unified districts that adopt a “side by side” unification such as is recommended here.

Direct Financial Benefits

Taxpayers in the new district receive incentives over the first four years of operation. When the budgets are unified, a new tax rate is determined and that rate is then reduced by a particular amount, beginning the first year of operation and dropping by two cents each year (.08, .06, .04, .02). This new district, along with any other unified districts being created within the White River Valley Supervisory Union, will also share in a \$150,000 “transition grant”. This is all in addition to retaining the small schools grant as described above.

The committee has considered the potential tax implications for two possible scenarios and has modeled them for the next five years. They are:

- What happens to taxes over the next 5 years if the districts do nothing?
- What happens if this proposal is approved by voters and we unify on our terms and in a way that qualifies for “side-by-side” incentives with our neighbors in the First Branch Unified District and/or Granville-Hancock Unified District?

The full model of these scenarios can be found in **Attachment A**. Unification has clear and measurable financial benefits to taxpayers in both communities.

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

Increased Transparency and Accountability

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

Recommendation

The committee recommends that the State Board and the voters of Bethel and Rochester support this unification. This action will allow six towns in the White River Valley to proceed with forward movement toward achieving the goals of Act 46 in the interests of students and taxpayers. In addition, the unification of these towns, as side-by-side districts with the towns that already approved their unifications on April 11, will exempt these districts from further mandated restructuring by the State Board under Act 46.

ARTICLES OF AGREEMENT

The WRVSU PK-12 Operating Study Committee recommends that the following Articles of Agreement be presented to the electorate of Bethel and Rochester in order to create a unified union district to be named the Bethel-Rochester Unified School District, hereinafter referred to as the “Unified District”. The two referenced school districts are hereinafter referred to as the “forming districts.”

Article 1 Necessary and Advisable Districts

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

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

Article 2 Grades to be Operated

The Unified District will offer education to students in Pre-K through grade twelve. The Unified District is committed to providing its students with equal educational opportunity.

Article 3 New School Facilities

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

Article 4 First Year of Operation

- 4 (a) In the first year that the Unified District is fully operational and providing educational services, students will attend the elementary school (grades K-6) according to town of residence; provided however, with parental consent, the Board of School Directors may allow for student enrollment at a district school other than that located in the town of residence, based on individual student circumstances, and the Superintendent’s determination of capacity to serve the child.
- 4(b) In the first year that the Unified District is fully operational and providing educational services, middle school education (grades 7-8) will be provided through a unified middle

school program operated in both locations, maximizing the strengths of the two campuses.

- 4(c) In the first year that the Unified District is fully operational and providing educational services, a unified high school education program (grades 9-12) will be provided at the current Whitcomb Jr.-Sr. High School in Bethel. High school education will also be provided through an outdoor experiential learning program offered to high school students at the current Rochester School and its associated forest property.
- 4(d) The new district will design and implement a strong transportation program which will seek to provide reasonable bus commuting times and facilitate participation in curricular and extracurricular activities.
- 4(e) 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(f) The Unified District will provide for the transportation of students, assignment of staff, and curriculum that is consistent with the contracts, collective bargaining agreements, and provisions of law that are in existence during the first year of the new Unified District's operation.
- 4(g) The Board of School Directors of the Unified District shall make all subsequent decisions relative to the operation of the new district consistent with state and federal laws and these Articles of Agreement.

Article 5 Surpluses and Debts, Special Funds

- 5(a) The Unified District will assume all capital debt of the forming districts including both principal and interest, as may exist at the close of business on June 30, 2018. The status of both on June 30, 2016 may be found in **Attachment B**.
- 5(b) The Unified District shall assume any and all general operating surpluses and deficits of the forming districts that may exist as of the close of business on June 30, 2018. In addition, reserve funds identified for specific purposes will be transferred to the Unified District and will be used for said purpose unless otherwise determined through appropriate legal procedures.

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

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

- 6(b) Existing School Facilities

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

No elementary school (grades K-6) shall be closed without 75% vote of the Unified District School Board, and an affirmative vote of the town in which it is located.

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

In the event that, and at such subsequent time as, the Unified District Board of Directors determines, in its discretion, that continued possession of the real property, including land and buildings, conveyed to it by one or more town forming districts will not be used in direct delivery of student educational programs, the Unified District shall offer for sale such real property to the town in which such real property is located, for the sum of One Dollar, subject to all encumbrances of record, the assumption or payment of all outstanding bonds and notes, and the repayment of any school construction aid or grants required by Vermont law, in addition to costs of capital improvements subsequent to July 1, 2018. The conveyance of any of the above school properties shall be conditioned upon the town owning and using the real property for community and public purposes for a minimum of five years. In the event a town elects to sell the real property prior to five years of ownership, the town shall compensate the Unified District for all capital improvements and renovations financed by the Unified District prior to the

sale to the town. In the event a town elects not to acquire ownership of such real property, the Unified District shall, pursuant to Vermont statutes, sell the property upon terms and conditions established by the Unified District Board of Directors.

6(d) Investment in Buildings

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

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

Article 7 Board Composition

The Unified District Board of Directors shall be composed of six (6) members, elected on an at-large basis by Australian Ballot vote of the voters of the Unified District, as follows:

Three (3) Directors shall be elected from candidates nominated by the legal voters Bethel;

Three (3) Directors shall be elected from candidates nominated by the legal voters Rochester; and

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 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
Bethel	1	1	1
Rochester	1	1	1
TOTAL	2	2	2

Article 9 Date of Voter Action

The proposal to form a Unified District will be presented to the voters of each forming district on June 20, 2017 unless a reconsideration is petitioned for by voters in Bethel, Rochester, or Royalton related to the April 11 vote. If the latter should occur, and if the result of that vote is a negative vote in any of the three towns, the vote on these articles will be held after those results are certified, but no later than September 30, 2017. The candidates for the new Unified District Board of School Directors will be elected by Australian ballot on the same date as the vote on articles, as required by law. Nominations for the office of School Director representing any district/town shall be made by filing with the clerk of that school district/town a statement of nomination signed by at least 30 voters in that district or one percent of the legal voters in the district, whichever is less and accepted in writing by the nominee. A statement shall be filed not less than 30 nor more than 40 days prior to the date of the vote.

Article 10 Unified District Board of School Directors Transition Role

Upon an affirmative vote of the electorates of the school districts, and upon compliance with 16 V.S.A. § 706g, the Unified District Board of School Directors shall have and exercise all of the authority which is necessary in order for it to prepare for full operation beginning on July 1, 2018. The Unified District Board of School Directors shall, between the date of the affirmative votes and June 30, 2018, develop school district policies, adopt curriculum, educational programs, assessment measures and reporting procedures in order to fulfill the State's Education Quality Standards (State Board Rule 2000), prepare for contractual agreements, set the school calendar for Fiscal Year 2019, prepare and present a budget for Fiscal Year 2019, prepare for the 2018 Unified District Annual Meeting, and transact any other lawful business that comes before the Unified District Board of School Directors, provided, however, that the exercise of such authority by the Unified District Board of School Directors shall not be construed to limit or alter the authority and/or responsibilities of the school districts of Bethel and Rochester. The new Unified District will begin operating schools and providing educational services on July 1, 2018.

On July 1, 2018, when the Unified District becomes fully operational and begins to provide educational services to students, the school districts of Bethel and Rochester shall cease all educational operations and shall remain in existence for the sole purpose of completing any

outstanding business not given to the Unified District under these articles and state law. Such business shall be completed as soon as practicable, but in no event any later than December 31, 2018. The Unified District shall continue to be a part of the White River Valley Supervisory Union.

Article 11 Annual Budget and Public Questions

The Unified District Board of School Directors shall propose annual budgets in accordance with 16 VSA Chapter 11. The vote on the annual budget, school directors, and public questions shall be conducted by Australian ballot pursuant to 17 VSA Chapter 5513(b).

Attachment A

WRVSU PK-12 OPERATING DISTRICT							
Pre-CLA Homestead Tax Comparisons							
	FY 17	FY18	FY19	FY20	FY21	FY22	
No Merger Scenario							
Bethel	1.712	1.725	1.778	1.831	1.887	1.944	
Rochester	1.604	1.651	2.047	2.278	2.348	2.419	
* assumes loss/reduction of hold harmless							
* loss of small schools grant							
* assumes 2% incr in education spending/yr							
* assumes 1% reduction of equalized pupils							
	FY 17	FY18	FY19	FY20	FY21	FY22	
Unified District FY19							
Bethel	1.712	1.725	1.640	1.710	1.790	1.870	
Rochester	1.604	1.651	1.640	1.710	1.790	1.870	
*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 reduction of \$180K in expenses through unification							
Note: This table is for illustration purposes only. These models are estimates and projections. Actual tax rates will vary depending on state policy decisions, actual changes in equalized pupils, and spending decisions of boards. Note also that these tax estimates do not include possible excess penalties, particularly for Rochester in the "No Mergers" scenario.							

Attachment B

BETHEL AND ROCHESTER SCHOOL DISTRICTS DEBT AND BALANCES					
			LT Debt Principal Balances		
DEBT SERVICE SCHEDULES			as of 6/30/16		
Bethel School District			\$ 385,000.00	Bond	paid off 6/30/23
			\$ 288,560.00	LT Note	paid off 12/30/17
Rochester School District			\$ 175,000.00	Bond	paid off 6/30/23
			\$ 280,000.00	Bond	paid off 6/30/23
SIGNIFICANT FUNDS- BALANCES					
pre-audit FY16					
Bethel School District					
		Building Reserve	\$ 40,364.00	\$58,500 to be added in FY17	
Rochester School District			none		

Attachment C

Property to be Transferred

Bethel								
		Building	Personal Prop	Site Improvemen	Computer Equi	Books/Valuable	Mobile equip	Total Insured Val
	Elementary Schoo	\$ 3,454,000.00	\$ 220,000.00	\$ 43,900.00	\$ -	\$ -	\$ -	\$ 3,717,900.00
	Maintenance Bldg	\$ 38,500.00	\$ 28,000.00	\$ -	\$ -	\$ -	\$ -	\$ 66,500.00
	Greenhouse	\$ 22,000.00	\$ 1,100.00	\$ -	\$ -	\$ -	\$ -	\$ 23,100.00
	High School	\$ 4,532,629.00	\$ 220,000.00	\$ 31,000.00	\$ -	\$ -	\$ -	\$ 4,783,629.00
Rochester								
	High School	\$ 3,658,100.00	\$ 566,500.00	\$ 44,900.00	\$ -	\$ -	\$ -	\$ 4,269,500.00
	Elementary Schoo	\$ 3,041,190.00	\$ 82,500.00	\$ 16,100.00	\$ -	\$ -	\$ -	\$ 3,139,790.00
	Dandelion Day Car	\$ 90,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,000.00
	Bingo Road Forest Land Property							