

AGENCY OF EDUCATION  
Barre, Vermont

**TEAM:** School Governance

**ITEM:** Will the State Board of Education:

1. Approve the request of the Quarry Valley Unified Union School District ("QVUUSD") and the Wells Springs Unified Union School District ("WSUUSD") to adjust the boundaries of the current Rutland Central Supervisory Union ("RCSU") and the Rutland Southwest Supervisory Union ("RSWSU") pursuant to 16 V.S.A. § 261 in order to create one new supervisory union that includes both the QVUUSD and the WSUUSD ("New SU")?
2. Approve the request of the QVUUSD, the WSUUSD, and the Rutland Town School District ("RTSD") submitted under Act 49, Sec. 4 (2017) to:
  - a. Exempt the RTSD from the requirements of Act 46, Sec. 9 (2015) and from merger under the Statewide Plan pursuant to Act 46, Sec. 10; and
  - b. Include the RTSD as a member of the New SU?
3. Approve the request of the QVUUSD, the WSUUSD, and the Ira School District ("ISD") submitted under Act 49, Sec. 4 (2017) to:
  - a. Exempt the ISD from the requirements of Act 46, Sec. 9 (2015) and from merger under the Statewide Plan pursuant to Act 46, Sec. 10; and
  - b. Include the ISD as a member of the New SU?
4. Establish July 1, 2018 as the date on which the New SU shall become fully operational?

**SECRETARY'S RECOMMENDED ACTION:**

1. That the State Board adjust the RCSU and RSWSU boundaries to create the New SU, to include the QVUUSD and the WSUUSD pursuant to 16 V.S.A. § 261.
2. That the State Board approve the request submitted under Act 49, Sec. 4 that the RTSD remain a single-town school district and be a member of the New SU.
3. That the State Board approve the request submitted under Act 49, Sec. 4 that the ISD remain a single-town school district and be a member of the New SU.
4. That the State Board establish July 1, 2018 as the date on which the New SU, with the previously approved membership, shall become fully operational.

**STATUTORY AUTHORITY:** 16 V.S.A. § 261; Act 153 (2010), as amended; Act 156 (2012), as amended; Act 46 (2015), as amended; Act 49 (2017)

## **BACKGROUND INFORMATION:**

In January 2017, the RCSU/RSWSU Study Committee presented the State Board with a comprehensive proposal to merge the two supervisory unions and their seven member districts into a single supervisory union with four districts: two new unified union school districts (QVUUSD and WSUUSD) and two districts that would not change their current structure (RTSD and ISD).

The State Board approved the proposals to create both the QVUUSD and the WSUUSD, understanding that if the voters subsequently approved the proposals then the two new unified districts would be jointly eligible for tax rate reductions and other transitional assistance pursuant to the “Side-by-Side” program created in Act 156 (2012). In addition, the “Side-by-Side” program would require that the two new unified districts would become members of the same supervisory union.

Given other discussions and votes in the region at that time, the State Board declined to act on the self-study reports submitted by the RTSD and the ISD. Similarly, it did not adjust supervisory union boundaries at its January meeting.

The electorate of the five potential merging districts approved creation of the two new unified union school districts on either March 7, 2017 or April 13, 2017.

In May 2017, the Legislature approved Act 49, which includes multiple sections addressing governance discussions around the State. Section 4 of that Act establishes a “Two-by-Two-by-One Side-by-Side Structure” (“2-2-1”). The 2-2-1 program authorizes the recent or proposed creation of two new unified union school districts together with the proposal for one additional town school district to retain its current governance structure. (The program is described in more detail in Section II below.)

Before the State Board on August 30, 2017 is the request that the State Board adjust the boundaries of the RCSU and the RSWSU to create the New SU that will include the two new unified districts, the QVUUSD and the WSUUSD, pursuant to the Side-by-Side provisions of Act 156. Also before the State Board are two parallel proposals presented under Act 49:

1. A 2-2-1 proposal from the QVUUSD, the WSUUSD, and the RTSD; and
2. A 2-2-1 proposal from the QVUUSD, the WSUUSD, and the ISD

Each of the three issues is addressed independently below.

### **I. Adjustment of Supervisory Union Boundaries to include the QVUUSD and the WSUUSD**

The State Board of Education, the voters of the Poultney, Proctor, and West Rutland School Districts, and the voters of Middletown Springs and Wells School Districts approved creation of two new unified union school districts – the QVUUSD and the WSUUSD – that are jointly eligible

under the Side-by-Side program created in Act 156. Both districts have had their organizational meeting and will be fully operational on July 1, 2018.

Pursuant to the State Board's January 2016 order, the QVUUSD is temporarily assigned to the RCSU for administrative and other services during the transitional period and the WSUUSD is temporarily assigned to the RSWSU.

The Side-by-Side program requires that the newly merged districts are member districts of the same supervisory union when they become fully operational.

16 V.S.A. § 261(a) authorizes the State Board, on its own initiative or when requested by a school district or group of school districts, to adjust the boundaries of existing supervisory unions "to afford increased efficiency or greater convenience and economy and to facilitate prekindergarten through grade 12 curriculum planning and coordination as changed conditions may seem to require." This section has been in law for decades. Unless this authority is repealed by the Legislature and without regard to the decisions the State Board makes in connection with the RCSU and the RSWSU today, the State Board will continue to have the authority to adjust the boundaries of SUs in its Statewide Plan or at any other time in the future that "conditions may seem to require."

*Accordingly, it is advisable for the State Board to adjust the existing supervisory union boundaries to create a New SU consisting of the QVUUSD and the WSUUSD, to be fully operational on July 1, 2018. Whether the boundaries of the New SU will encompass other districts in the region is the subject of subsections II A. and B. below.*

## **II. 2-2-1 Proposals in General**

To be eligible for the tax rate reductions and other transitional assistance available in the Side-by-Side program created by Act 156 and amended by Act 49, groups of existing districts must merge to create at least two new unified union school districts<sup>1</sup> ("UUSDs"). The program requires the two new UUSDs to be operational on the same day and for full operations to begin on or before July 1, 2019. Once formed, the two new UUSDs must have different operating / tuitioning patterns from each other and must be members of the same SU.

In Act 49, Sec. 4, the 2017 Legislature authorized school districts to propose a new multi-district structure, the 2-2-1, in a way that incorporates the Side-by-Side program.

The 2-2-1 program authorizes two recently-created UUSDs<sup>2</sup> to join with a third, town school district ("Town District") to propose creation of a multi-district SU. Districts proposing a 2-2-1 must demonstrate:

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<sup>1</sup> A *unified* union school district is distinguishable from other types of union school districts by being responsible for the PK-12 education of all resident students, whether by operating all grades, tuitioning all grades, or operating some grades and tuitioning the others. 16 V.S.A. § 722.

<sup>2</sup> Alternatively, unmerged districts that are proposing to form two new UUSDs can make the 2-2-1 proposal. Because that is not the situation in this instance, this discussion does not address ways in which the 2-2-1 is different if the UUSDs have not yet been created.

1. That the 2-2-1 structure meets all criteria, other than size criterion (4 districts or 1250 ADM) of the “RED” program of Act 153 (2010) – e.g., the two new UUSDs and the single, town district is each responsible for PK-12 education of its resident students.
2. The 2-2-1 structure is better suited to them than forming an SD (single-district SU)
3. As of town meeting day 2017, the Town District was either:
  - a. “geographically isolated” due to lengthy driving times or inhospitable travel routes between the district’s school(s) and “nearest school [with] excess capacity” as determined by the State Board; or
  - b. “structurally isolated” because the operating/tuitioning patterns of “all adjoining” districts differ from it.<sup>3</sup>
4. The 2-2-1 structure will meet Act 46 Goals.
5. The Town District has a “detailed action plan to continue to improve” its performance under the Act 46 Goals.

If both the State Board and the voters approve the proposal by November 30, 2017, then the Town District will be exempt from:

1. filing a proposal under Act 46, Sec. 9 by December 26, 2017; and
2. being required to merge by the State Board’s final Statewide Plan.<sup>4</sup>

#### **A. The QVUUSD, the WSUUSD, and the RTSD**

The QVUUSD, the WSUUSD, and the RTSD are each responsible for the PK-12 education of their respective resident students: QVUUSD = PK-12o; WSUUSD = PK-6o / 7-12t; RTSD = PK-8o / 9-12t.

Because each of the three districts has a different operating/tuitioning pattern, it is impossible for them to merge into a unified union school district that is its own supervisory district unless the voters in one or more of the districts is willing to change its current operating/tuitioning pattern. The RTSD was a member of the original study committee that proposed creation of the WSUUSD. The RTSD members of the study committee determined at that time that the RTSD did not want to stop operating grades 7 and 8 in order to merge with the Wells and Middletown Springs School Districts. Similarly, those two PK-6 operating districts decided that they did not want to stop paying tuition for those two grades. In addition, the three districts that merged to form the PK-12 operating QVUUSD (Poultney, Proctor, and West Rutland) did not want to stop operating any grades.

The Legislature has presented geographic isolation and structural isolation as two distinct alternatives in a 2-2-1 proposal. Nevertheless, it is hard to see how they differ in the context of a 2-2-1 proposal as both rely upon the same essential consideration: Is there a district with the same operating / tuitioning pattern in the region with which the Town District could potentially merge.

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<sup>3</sup> Act 49, Sec. 4 explicitly states that the Town District is not automatically disqualified from being considered “structurally isolated” even if one or more adjoining school districts that have merged under Phases 1-3 have the same structure as the Town District. It does not, however, automatically exempt the Town District from later merger.

<sup>4</sup> If not already eligible, both of the new UUSDs would be eligible for tax rate reductions and other transitional assistance. The QVUUSD and the WSUUSD have already met eligibility requirements under the regular Side-by-Side program created by Act 156 (2012).

If so, then the inference is that the State Board might want to delay granting the Town District an exemption from merger under the Statewide Plan until the Board has an opportunity to consider the value of merging the Town District with those other, similar districts.

The RTSD asserts that it is both geographically and structurally isolated as described by Act 49, Sec. 4. The only other PK-8o/9-12t district in the region that RTSD considers to be within a reasonable geographic distance is the newly created Bartsow UUSD in the Rutland Northeast SU. The RTSD's discussion of this issue mirrors the State Board's conversation with the Barstow study committee when the Barstow committee presented its merger proposal – the districts have discussed the potential for merger in the past and were not able to reach enough agreement to support creation of a merger study committee that included RTSD. In addition, both RTSD and the Barstow UUSD have expressed a strong connection to their current SUs. Because the Barstow UUSD was formed as one of two mergers eligible under the Side-by-Side program, the State Board could not require the RTSD to merge with Barstow unless the voters of Barstow agreed to accept the additional town as a member. Although consolidation of the Barstow and RTSD governance structures might make sense, it is unlikely that the Barstow voters would welcome expansion into a larger UUSD while it is still in the early stages of operation as a unified district.

The RTSD's self-evaluation in relation to the Act 46 Goals focuses primarily on its current practices, and its intention to improve in relation to the Goals by continuing those practices. In addition, the district points to its 2016 participation in the Education Quality Review process facilitated by the Agency and to its continuous improvement plan. Please see the RTSD's proposal and Attachments 1-23 for more detail.

*Accordingly, given (1) the lack of available, willing districts that have the same operating/tuitioning structure as the RTSD and (2) the strong, historic bonds among the districts of the current SU, it is advisable for the State Board to approve this 2-2-1 proposal.*

*Such approval will (1) exempt the RTSD from the possibility of governance merger with another district under the final Statewide Plan and (2) place the RTSD within the New SU, which will be fully operational on July 1, 2018.<sup>5</sup>*

***Such approval would not, however, exempt the New SU from additional boundary changes if the State Board determines that they are advisable either in the context of the final Statewide Plan or otherwise pursuant to 16 V.S.A. § 261a(a).***

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<sup>5</sup> The 2-2-1 program requires subsequent approval by the RTSD voters in order for it to qualify for both (1) exemption from future merger and (2) membership in the New SU. The districts presenting this proposal indicate that they want to be members of the New SU even if the RTSD voters do not approve the 2-2-1 proposal. As explained in Part I, 16 V.S.A. § 261 grants the State Board independent authority to adjust SU boundaries. Accordingly, State Board approval of this 2-2-1 proposal is intended to adjust the New SU boundaries to include RTSD regardless of the RTSD vote. A merger exemption would still be dependent upon RTSD voter approval, however.

## B. The QVUUSD, the WSUUSD, and the ISD

The QVUUSD, the WSUUSD, and the ISD are each responsible for the PK-12 education of their respective resident students: QVUUSD = PK-12o; WSUUD = PK-6o / 7-12t; ISD = PK-12t.

Because each of the three districts has a different operating/tuitioning pattern, it is impossible for them to merge into a unified union school district that is its own supervisory district unless the voters in one or more of the districts is willing to change its current operating/tuitioning pattern. Please see the discussion of this issue under "A" above for analogous detail.

The ISD reached out to all non-operating districts within 60 miles of the town. The ISD states:

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

Understandably, the ISD's self-evaluation focuses primarily on financial aspects as it has no ability to increase educational opportunities or quality in the schools in which its students enroll. Please see the ISD's proposal and Attachments for more detail.

*Accordingly, given (1) the lack of non-operating districts located within a reasonable driving distance and (2) the projected increase in costs associated with merger, it is advisable for the State Board to approve this 2-2-1 proposal.*

*Such approval will (1) exempt the ISD from the possibility of governance merger with another district under the final Statewide Plan and (2) place the ISD within the New SU, which will be fully operational on July 1, 2018.<sup>6</sup>*

*Such approval would not, however, exempt the New SU from additional boundary changes if the State Board determines that they are advisable either in the context of the final Statewide Plan or otherwise pursuant to 16 V.S.A. § 261a(a).*

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By approving the two 2-2-1 requests, district governance merger can occur only by vote of the local electorate.<sup>7</sup> Although we recommend that the State Board approve both requests, we note for the record (1) that by retaining small single-town school districts, the proposals do not address tax rate volatility and affordability, and (2) that the continued diversity of structures and ongoing challenges of scale limit opportunities for savings and strengthening of programs.

**STAFF AVAILABLE:** Donna Russo-Savage, Principal Assistant, School Governance

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<sup>6</sup> See footnote 5 above.

<sup>7</sup> If also approved by the Town District's electorate.