

AGENCY OF EDUCATION

Barre, Vermont

TEAM: School Governance Team

ITEM: Will the State Board of Education find that formation of a unified union school district by the **ROCHESTER** and **STOCKBRIDGE** school districts, which are members of the **WHITE RIVER VALLEY SUPERVISORY UNION (WRVSU)**, is “in the best interests of the State, the students, and the school districts,” and will the State Board therefore vote to approve the attached Report of the Rochester-Stockbridge 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 formation of a new unified union school district by two member districts of the WRVSU, to be named the ROCHESTER-STOCKBRIDGE UNIFIED DISTRICT, is “in the best interests of the State, the students, and the school districts” pursuant to 16 V.S.A. § 706c(b).**
- 2. That the State Board of Education votes to approve the attached report of the Study Committee.**
- 3. That the State Board of Education 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 153 (2010), Secs. 2-4, as amended; Act 156 (2012), Sec. 15, as amended; Act 46 (2015), as amended; Act 49 (2017)

BACKGROUND INFORMATION:

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

After passage of Act 46, the districts formed three formal study committees under 16 V.S.A. § 706. The study committees presented three related proposals to the State Board on February 21, 2017.

- The study committee that included the **Bethel**, Rochester, and Royalton School Districts proposed to create a three-town PK-12 school district that operated all grades.¹
- The **Stockbridge** School District, which operates a school through grade 6 and pays tuition for grades 7-12, participated in a second study committee that explored creation of a unified school district that operated schools either through grade 6 or grade 8 and

¹ See Agenda Item Q1 from the February 2017 State Board meeting for the Report of the Bethel, Rochester, and Royalton Districts. See Item Q on that date for earlier, incorporated reports.

that paid tuition for the remaining grades. The study committee ultimately proposed creation of a PK-8 operating / 9-12 tuitioning district to be formed by the Chelsea and Tunbridge School Districts.² The report did not name Stockbridge as “necessary” or “advisable” to creation of the new UUSD.

- The final study committee proposed creation of the Granville-Hancock UUSD that would pay tuition for all grades, PK-12.

The school boards presented all three proposals to the voters on April 11, 2017. As set forth more fully in the recommendation regarding revocation of the Bethel-Rochester “Contingent Proposal,”³ there were a number of reconsideration (and other related) votes in the WRVSU communities regarding the proposed unification of Bethel-Rochester-Royalton and Chelsea-Tunbridge.⁴ The School Boards of the Bethel and Royalton School Districts subsequently appointed a new study committee that prepared a revised proposal, which was approved by the State Board at its August 30, 2017 meeting and will be presented to the voters on October 24. Similarly, the school boards of the Chelsea and Tunbridge School Districts appointed a new study committee that prepared a revised proposal, which was approved by the State Board at its September 20, 2017 meeting and will be presented to the voters on November 7.

In August 2017, the School Boards of the Rochester and Stockbridge School Districts appointed members to a new § 706 study committee. The Rochester – Stockbridge Study Committee now proposes creation of a unified union school district.

The Agency of Education offers the following additional contextual information:

Rochester estimated Pre-CLA Homestead Tax Comparisons, based on numbers presented in two merger proposals submitted by the district

	FY18	FY19	FY20	FY21	FY22	FY23
No merger, keep high school*	1.72	1.78	1.83	1.89	1.94	
No merger, close high school**	1.63	1.72	2.08	2.16	2.25	2.33
Merge with Royalton and Bethel, and merge middle and high school programs*	1.65	1.49	1.55	1.62	1.69	
Merge with Stockbridge and maintain two elementary schools**	1.63	1.64	1.72	1.81	1.90	1.99

* according to original Rochester-Bethel-Royalton study committee report

** according to Rochester-Stockbridge study committee report

² See Agenda Item Q2 from the February 2017 State Board meeting.

³ See Agenda Item S1 from the August 2017 State Board meeting.

⁴ Only the voters of the Granville and Hancock School Districts approved the proposal before them, but – pursuant to conditions included in its proposal – the unified tuitioning district will become a legal entity only if another new UUSD is created in the WRVSU.

Stockbridge Estimated Pre-CLA Homestead Tax Comparisons, based on numbers presented in merger proposal submitted by the district

	FY18	FY19	FY20	FY21	FY22	FY23
No merger	1.63	1.71	1.90	1.98	2.06	2.14
Merge with Rochester and maintain two elementary schools	1.63	1.64	1.72	1.81	1.90	1.99

Location of Stockbridge tuition students in FY16, with estimated travel time and miles from Stockbridge center

Bethel	4.00 students	16 minutes	12 miles
Randolph UHSD	3.14 students	29 minutes	20 miles
Rochester	3.49 students	11 minutes	7.3 miles
Rutland City	1.06 students	30 minutes	21 miles
Woodstock UHSD	11.00 students	35 minutes	25 miles
Sharon Academy	16.57 students	29 minutes	21 miles
Royalton	no students	26 minutes	19 miles

Estimated travel time and miles from to area high schools from Rochester Center

Bethel	18 minutes	12 miles
Randolph UHSD	26 minutes	16 miles
Rutland City	40 minutes	29 miles
Woodstock UHSD	45 minutes	33 miles
Sharon Academy	35 minutes	23 miles
Royalton	32 minutes	20 miles

Additionally, prior to FY18, Rochester received tuition from other districts that sent students to high school in Rochester. The offsetting tuition revenue from other areas likely helped to keep tax rates lower in Rochester. Rochester received about \$283k in secondary tuitions in FY16 (see below).

FY16 Students Tuitioning to Rochester

Granville	2	\$40,000
Hancock	5.27	105,388
Pittsfield	3	68,011
Stockbridge	3.49	69,775
	13.76	\$283,174

With the closure of the high school, the tuition dollars are no longer received as revenue in the district and are not available to offset local costs.

THE ROCHESTER-STOCKBRIDGE UNIFIED DISTRICT: The Study Committee proposes creation of a unified union school district that would provide for the PK-12 education of resident students by operating a school or schools offering PK/K-6 and paying tuition for grades 7-12 beginning on July 1, 2018 (New Unified District).

The Study Committee identifies the following school districts as “necessary” to the proposal pursuant to 16 V.S.A. § 706b(b)(1): Rochester; Stockbridge.

The Study Committee does not identify any school districts as “advisable” to the proposal pursuant to 16 V.S.A. § 701b(b)(2).

In FY2017, the combined average daily membership (ADM) of the two “necessary” districts was 186.20 (Rochester: 98.20 and Stockbridge: 88.00).

The electorate of both districts will vote on November 28, 2017 whether to approve creation of the New Unified District.

The Rochester School District is a PK-12 town district organized to provide education for its students by operating a school or schools for all grades.⁵ By approving the proposal, the Rochester voters would also be authorizing the school district to cease operations of grades 7-12 and begin tuitioning those grades pursuant to 16 V.S.A. § 822(a)(1).

The New Unified District would be governed by a unified school board of six members, with three seats allocated to Rochester residents and three to Stockbridge residents. All members would be elected at-large by the voters of the entire New Unified District.

In the first year of operation, the New Unified District would operate an elementary school in both communities. Students would attend elementary school in their town of residence during that year, provided, however, the New Unified Board would be empowered to grant a parental request for a student to attend the other district-operated school.

An elementary school could not be closed without both (1) a unanimous vote of the Unified District School Board and (2) an affirmative vote of the voters residing in the town in which it is located. This provision would apply until such time as the voters of the unified district voted to change it.

The Articles indicate that the Rochester School Board “will seek to sell the Dandelion Day Care building prior to June 30, 2018.”

The proposed Articles of Agreement include explicit limitations on the budget that the board of the New Unified District could present for FY2019, the first year of operation:

4 (d) The budget proposed by the Unified District Board of School Directors for the 2018-19 school year shall not exceed the excess spending threshold as set forth

⁵ Although the Rochester School District is organized as a fully operating district, it is paying tuition for its high school students to attend other schools in FY2018.

in 32 V.S.A. Chapter 135. In developing the budget for the first year, the amount spent per campus (Rochester and Stockbridge) will each not exceed the excess spending threshold had they been developed as separate entities.

Except where required by law, all future votes on the budget, election of future board members, and other public questions would be conducted at a meeting of the voters acting from the “floor” and would not be by Australian ballot unless and until the voters voted to change to that system. The location of annual school district meetings would alternate between the two towns.

The New Unified District would be known, at least initially, as the Rochester-Stockbridge Unified District. During the first two years of existence, the board of the New Unified District would have the authority to rename the district “after significant public engagement with community members, teachers and staff, and students.”

After five years of operation, the Articles direct the Board of the New Unified District to:

review the degree to which the Unified District has fulfilled the goals set forth in these articles and ... determine whether to continue the union district or whether to recommend to voters and the State Board dissolution of the district under 16 VSA 724.

The Warning for the vote, attached as Exhibit E, quotes each of the proposed articles of agreement as separate paragraphs. By drafting the Warning in this manner, the Board of the New Unified District would not have independent authority to amend any article – rather, all power to amend an article would reside with the voters pursuant to 16 V.S.A. § 706n.

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 provides an overview of the realities facing Rochester:

Rochester has lost a large percentage of its students over the past 20 years. In 2017, Rochester High School graduated a class of 14 students. Programs have had to be cut. This has reduced educational opportunities for students. Pressure to further reduce educational offerings would likely have been greater had the state’s finance system not protected towns like Rochester with the “hold harmless” provision of Act 60. On more than one occasion, Rochester voters have been asked to consider proposals to close the high school, but, to date, the school district has not been willing to support such a move.

Act 46 has changed some of the dynamics. First, it is phasing out the “hold harmless” provision which will create a substantial tax increase for Rochester voters unless its budget is reduced substantially, regardless of any decisions it may make to merge. Secondly, it has shown a bright light on the issues of education quality, equity, and opportunity. Finally, it has created a dynamic where the citizens of Rochester need to take

action to strengthen the program and address long-term financial sustainability, understanding that the State Board has the authority to intervene if they do not do so.

The realities in Rochester are challenging. There are no ideal options. The district lacks the critical mass of students needed to sustain a modern education program with many opportunities to meet a range of student needs. On the other hand, becoming part of a larger operating public school district would require students to be on buses for many hours a day on roads that can be unsafe, particularly in the winter. Townspeople are split on what should be done. ... Obviously, providing choice does not solve the geographic and transportation realities, but it would allow families to select schools that best connect with parental employment and travel patterns.

After initial exploration of merger with other partially operating/partially tuitioning districts in the WRVSU, Stockbridge chose not to pursue unification given the “substantial distances [between] and community orientations” of the districts. The Stockbridge community determined, however, that it would consider merger with a neighboring district if it would:

- ✓ *educationally and/or fiscally strengthen the school*
- ✓ *keep ... town representation equally weighted with other merging towns*
- ✓ *lower operating costs to positively affect tax rate*
- ✓ *reasonably protect against school closure*

“Rochester’s change in direction ... created the opportunity for Stockbridge to consider a merger with its neighbor, as they would end up with similar operating/tuitioning structures.”

The Study Committee agreed on specific goals to guide creation of a proposal, including the need to build on the current strengths of the districts and to optimize use of both facilities.

It also explored the comparative actual education spending per equalized pupil over the last five years:

Although both towns have historically reported a similar cost per equalized pupil, actual per-pupil expenditures have been substantially greater in Rochester than in Stockbridge. Rochester’s reported costs have been buffered by the “ADM Hold Harmless” provision of the state financing system, but that feature is being phased out under Act 46. Without significant budget reductions, this merger cannot occur. Regardless of whether Rochester chooses to unify with another district, if there are not substantial reductions in spending, Rochester taxpayers will experience enormous tax increases.

The Study Committee has determined that Rochester would need to decrease spending in the amount of \$334,964 and it identified ways in which that reduction can occur, including by closing its high school and modifying its elementary delivery model. In addition, the Articles include the previously described restriction on overall spending in the first year “to assure that the plan outlined in this document is actually carried out.” Further, the Study Committee recommends “the immediate formation of a diverse community team of teachers, administrators, parents, and board members from both schools to develop the elementary education model at the Rochester campus for FY’19, due to the need for budgetary cuts in FY’19 at Rochester.”

EDUCATION IMPLICATIONS

The Study Committee identifies potential educational benefits including:

- Ability of Stockbridge students to “take advantage of the full-sized gym and auditorium.”
- Opportunity to provide “integrated professional development and joint curriculum planning and development [allowing students to] gain from improved quality and greater equity in curricular offerings.
- A “larger student body spread over two campuses [that] should, over time, provide the critical mass of students to allow for more extra-curricular options— such as performing arts opportunities and additional sports teams.”
- Coordination of “off-site learning experiences such as the US Forest Service snorkeling program, Starbase Vermont, and Camp Keewaydin that grades 5 and 6 from both schools participated in separately last year.”
- “Greater opportunity for a more robust student support system.”

In addition, the Study Committee believes that a new multi-age model in Rochester “will build on the strengths of its proven teaching staff, enhanced by the experience and capabilities of the Stockbridge teachers, whose similar classroom model has proven successful. As the transition period unfolds, the new district will also explore other multi-age classroom models.”

FINANCIAL IMPLICATIONS

The Study Committee identifies potential fiscal benefits including:

- “Greater efficiencies in operation over time.”
- Increased ability to managed student-teacher ratios.
- Ability to share staff in areas such as health, athletics, guidance, and maintenance.
- Consolidated field trips.
- Transformation of small schools grants into perpetual merger support grants⁶ – Rochester = \$82,895 (estimated amount after closing secondary school) and Stockbridge = \$72,786.

In addition, the Study Committee notes that unification will double the size of the district, making the tax rate less susceptible to swings in student counts. Even so, this will remain a very small district.

As the Study Committee’s report recognizes, the true tax rate consequences of a rapidly declining student population have long been buffered by the “3.5% hold-harmless” calculation – which, according to the Report, resulted in Rochester accumulating nearly

⁶ At the September 2017 meeting, the State Board made a preliminary determination that to be eligible for consideration as a small school for the purpose of assigning small school grants, the travel time between the small school and the nearest school operating the same grades must exceed 15 minutes. Stockbridge and Rochester are about 11 to 12 minutes apart. Failure to merge likely means losing these grants.

53 “phantom pupils” in FY2014. The effect of this protection has been to shield Rochester from the full fiscal impact of its dramatic population loss.

* * *

Although we believe that this proposal is a step in the right direction and recommend that the State Board approve creation of the New Unified District, we note that by retaining, even after unification, a very small district size, the proposal does not take significant steps to address tax rate volatility and affordability. We are concerned that the ongoing challenges of scale will continue to limit the ability to strengthen programs and opportunities.

In addition, the proposal’s restrictions on flexibility diminish opportunities for savings and strengthening of programs and opportunities.

Unification of two tiny districts is one way to begin to address the inherent difficulties of declining population in this rural region. We anticipate that New Unified District will need to continue to evaluate ways in which it can “right-size” its ratios and otherwise work to achieve long-term sustainability.

Overall, we believe that the Study Committee’s proposal is aligned with the policy underlying the union school district formation statutes as articulated in 16 V.S.A. § 701.

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

Brad James, Education Finance Manager

REPORT OF THE ROCHESTER-STOCKBRIDGE STUDY COMMITTEE
Presented to the State Board of Education
October 18, 2017

Committee Proposal

The Rochester-Stockbridge 706 Study Committee is proposing the creation of a new union school district that will include the current districts of Rochester and Stockbridge. The district will be known as the Rochester-Stockbridge Unified District. It will operate grades K-6 and tuition students grades 7-12. The new district will have a single school board, a single budget, and a single pre-CLA tax rate.

The School Districts of Rochester and Stockbridge are both necessary for the establishment of the Unified District. The above-referenced school districts are hereinafter referred to as the “Forming Districts”.

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

The creation of this district is contingent on the voters of Rochester agreeing to cease operation of grades 7-12, and to tuition their students to schools of the family’s choice, effective July 1, 2018. If the voters of the Rochester School District vote to approve establishment of the Unified District as provided herein, such vote shall authorize the Rochester School District Board of School Directors to discontinue operation of a school for grades 7-12 and allow the Unified District to pay tuition for students in those grades to schools of the family’s choice, in accordance with 16 V.S.A. Section 822(a)(1).

Inherent in this proposal are significant reductions in the Rochester School budget. This would come about as a result of the closure of Rochester Middle and High School, as well as through a redesign of the elementary delivery model. This is necessary to have the per-pupil cost in both “Forming Districts” relatively equal at the time of the merger to avoid substantial increases in tax rates for Stockbridge. It is also advisable for Rochester, regardless of whether this merger is approved, given the loss of a large count in “phantom students” as described later in this report.

Committee Membership and Charge

This study committee was created by Rochester and Stockbridge “to analyze the advisability of forming a union school district under Act 46.” The committee was created through votes on the following dates and the following membership was agreed upon:

District	Date	Eq.Pupils	%	Votes
Rochester	8/9/17	133.71	57%	3
Stockbridge	8/23/17	100.89	43%	3

Members include:

Rochester: Amy Wildt, Jeff Sherwin, Megan Payne, Frank Russell (alt.), Rob Gardner (alt)

Stockbridge: Carl Groppe, Janie Feinberg, Jenny Austin, Donna Brennan-Gallant (alt.), Betsy Shands (alt.)

Background

Three study committees in the White River Valley Supervisory Union jointly submitted union district proposals in early February. They were approved by the State Board on February 22 and went to voters on April 11. The original proposals were as follows:

PK-12 Operating: Bethel, Rochester, and Royalton

PK-8 Operating/9-12 Tuitioning: Chelsea and Tunbridge

Non-Operating: Granville and Hancock

The report acknowledged that there were three towns in the region that were not able to readily merge in the context of the original plan, including Sharon, Stockbridge, and Strafford.

Following several months of community votes, only one of the proposals, Granville and Hancock, has been passed overwhelmingly. The other two went through a series of reconsideration votes and revotes. Currently, the proposals in process are:

PK-12 Operating: Bethel-Royalton (Approved by the State Board 8/30/17)

PK-8 Operating/9-12 Tuitioning Chelsea-Tunbridge (Approved by the State Board 9/20/17)

PK-6 Operating/7-12 Tuitioning Rochester-Stockbridge (This proposal)

Non-Operating Granville-Hancock (Already passed)

If at least two of these proposals get approved, they will qualify as side-by-side structures and receive incentives and protections under Act 46.

Sharon and Strafford continue to research their options.

Rochester Status

Rochester is, in many ways, an idyllic rural Vermont community located on Route 100 with beautiful Vermont countryside and a lovely village center. It is geographically isolated from larger centers of population and commerce by mountain ranges and distance—Bethel, Randolph and Royalton to the East; the Middlebury area to the West; Rutland to the Southwest; Warren and Waitsfield to the North. Given these realities, it has historically made sense to provide schools for all Rochester students in the village itself. Rochester has supported its schools and provides some excellent school facilities including a gym and an excellent auditorium.

However, Rochester has lost a large percentage of its students over the past 20 years. In 2017, Rochester High School graduated a class of 14 students. Programs have had to be cut. This has reduced educational opportunities for students. Pressure to further reduce educational offerings would likely have been greater had the state's finance system not protected towns like Rochester with the "hold harmless" provision of Act 60. On more than one occasion, Rochester voters have been asked to consider proposals to close the high school, but, to date, the school district has not been willing to support such a move.

Act 46 has changed some of the dynamics. First, it is phasing out the "hold harmless" provision which will create a substantial tax increase for Rochester voters unless its budget is reduced substantially, regardless of any decisions it may make to merge. Secondly, it has shown a bright light on the issues of education quality, equity, and opportunity. Finally, it has created a dynamic where the citizens of Rochester need to take action to strengthen the program and address long-term financial sustainability, understanding that the State Board has the authority to intervene if they do not do so.

The realities in Rochester are challenging. There are no ideal options. The district lacks the critical mass of students needed to sustain a modern education program with many opportunities to meet a range of student needs. On the other hand, becoming part of a larger operating public school district would require students to be on buses for many hours a day on roads that can be unsafe, particularly in the winter. Townspeople are split on what should be done. Some prefer to continue to operate a school in the town. Some would like to see a merger with a neighbor. Others prefer that the town not operate a school for some or all grades to allow parental choice. Obviously, providing choice does not solve the geographic and transportation realities, but it would allow families to select schools that best connect with parental employment and travel patterns.

Originally in this process, the Rochester board chose to join the PK-12 Operating Study Committee of the White River Valley Supervisory Union. The plan would have created a union district between Bethel, Rochester, and Royalton. The proposal was approved by the State Board on February 22 and was presented to voters in the three towns on April 11. The results of the April 11 votes were as follows:

<u>Town</u>	<u>Yes</u>	<u>No</u>
Bethel	320	67
Rochester	213	178
Royalton	203	462

The passage in Rochester was the result of hard work by the study committee and reflected some strong concessions by the committee members from the other towns. The closeness of the vote reflected a lack of strong consensus in Rochester, itself. Although many felt it was a good plan, there was an unsettled feeling about it among many others. The severity of the loss in Royalton was a major setback. Relationships were frayed and feelings were hurt. Rochester voters petitioned for reconsideration and on June 20, they voted 236 to 144 to reject the proposal (despite the fact that on June 13 Royalton reversed its original vote upon reconsideration).

In the aftermath of the April 11 defeat in Royalton, Bethel and Rochester immediately developed a Plan B which was sent to and approved by the State Board on May 16. It called for the creation of a Bethel/Rochester unified district. As you know, both towns and the original PK-12 Operating Study Committee recommended that the State Board revoke its support for that plan, largely given that the size of a Bethel/Rochester district would not adequately fulfill the goals of Act 46. The approval was revoked by the State Board on August 30, 2017.

The Rochester Board has spent considerable time sorting out the best approach to the current situation and has come to the conclusion that closing the operation of grades 7-12, providing choice for those grades, and unifying with Stockbridge is the most prudent way of achieving the goals of Act 46 and assuring that Rochester maintains control of its own destiny.

Stockbridge Status

Stockbridge is a beautiful, rural town that is a part of the White River Valley. Many Vermonters enjoy its scenic beauty as they travel through the town along the White River and past the school on Rt. 107, a major state highway connecting I-89 and US 4. Stockbridge is also geographically isolated from larger centers of population and commerce and it lacks a central village setting. In many ways the Stockbridge Central School serves as the town center. Most residents must travel to other towns for work, the grocery store, professional services and other social and economic activities.

Stockbridge operates grades PK-6 and tuitions its middle and high school students. It desires to maintain that structure as it provides opportunities for families to have their younger children

close to home, and their middle school and high school students in locations convenient to their work or in schools that best meet the needs of their children.

Stockbridge originally joined a study committee to look at options for creating a unified district within the White River Valley Supervisory Union that would operate some grades and tuition others. After months of analysis, Stockbridge decided that it was not able to find a suitable partner for unification. Sharon and Stockbridge were the only two districts in the Supervisory Union that operated PK-6 education with middle and high school choice thereafter. They worked hard to explore the possibility of becoming a single, unified district. In the final analysis, this did not make sense to any of those involved given the substantial distances and community orientations. The Sharon Elementary School and Stockbridge Central Schools are 21 miles from one another. From one edge of their town to the far edge of the other is in excess of 30 miles. This made serious collaborative ventures for elementary students and for staff very challenging. The other consideration was that if the Stockbridge Central School becomes too small to sustain, all elementary students from Stockbridge would have to be bussed those many miles to Sharon as opposed to attending much closer schools in contiguous towns.

As other districts in the White River Valley continued to sort through their options, Stockbridge conducted a public input survey this past summer. The results of that survey showed a strong preference for the Stockbridge Central School District to remain independent, with an "Alternative Governance Structure". A second choice was to consider merger with a neighboring district if it would:

- ✓ educationally and/or fiscally strengthen the school
- ✓ keep our town representation equally weighted with other merging towns
- ✓ lower operating costs to positively affect tax rate
- ✓ reasonably protect against school closure

At the time of the survey, Rochester had not yet decided to suggest pursuing closure of its grades 7-12 program. Rochester's change in direction has created the opportunity for Stockbridge to consider a merger with its neighbor, as they would end up with similar operating/tuitioning structures.

Description of the New District

This new district will be formed by the unification of the Rochester and Stockbridge School Districts. They are contiguous communities located along the upper White River Valley. Their character and lifestyles are very similar. Both towns take pride in their natural resources, recreational opportunities, and ability to maintain a quiet, small-town lifestyle. The new district would bring the two town school districts together and strengthen the ability of both to provide an excellent rural education while attending to long-term financial sustainability.

Their populations in the 2010 US Census were:

Rochester 1139
Stockbridge 736

Most recent counts of each district's Average Daily Membership are as follows:

ADM by Grade Level, December 2016						
District	EE	PK	Grades K-6	Grades 7-8	Grades 9-12	Total
Rochester	0.0	19.7	46.1	12.0	20.5	98.2
Stockbridge	0.0	7.0	37.0	14.0	30.0	88.0
Totals	0.0	26.7	83.1	26.0	50.5	186.2

In designing a new unified district, these two towns have adopted the following goals as guides in developing a specific proposal:

- ✓ The new district must help achieve the goals of Act 46—improved educational quality, equity, and student opportunity; improved efficiency and sustainability; and improved transparency and accountability.
- ✓ The new district must meet the needs of individual students.
- ✓ The new district must provide for improved educational opportunity, increasing the desirability of both towns, encouraging enrollment by tuition students from neighboring towns, and increasing property values.
- ✓ The new district must build on the strengths of the two current districts and optimize the use of both facilities.
- ✓ The new district must include structures and protocols to promote ongoing community engagement by citizens throughout the unified district.
- ✓ The new district must provide the opportunity for equal voice from both towns on a new school board.
- ✓ The new district must support and promote the ongoing identities of both the Rochester Elementary School and the Stockbridge Central School.

Fulfilling the goals of Act 46

Unification creates a substantial opportunity for achieving the goals of Act 46.

Improving Education Quality, Opportunity, and Equity

A Vision for Education in Rochester and Stockbridge

Rochester and Stockbridge envision coming together and forming a single school district with a single school board, a single budget, and a single faculty, but with two elementary campuses using the current school buildings. The unified district would continue to be part of the White River Valley Supervisory Union and would continue to work to strengthen connections with other emerging districts within the SU to strengthen programs and to assure smooth connections with other districts who might tuition elementary students into the schools of the unified district (such as Pittsfield, Hancock, and Granville) as well as those who might host Rochester-Stockbridge students in grades 7-12.

Elementary Education

Elementary education will be provided in both towns, fully utilizing the facilities and staff expertise in both communities and combining students where appropriate to create the opportunities needed to meet student needs. The new multi-age model for Rochester will build on the strengths of its proven teaching staff, enhanced by the experience and capabilities of the Stockbridge teachers, whose similar classroom model has proven successful. As the transition period unfolds, the new district will also explore other multi-age classroom models, including the Williamstown, Orange, and Washington districts. Schedules at both schools can be aligned to promote greater opportunities for sharing of staff and programs. The following benefits can come from a Unified District:

- Stockbridge students will be able to take advantage of the full-sized gym and auditorium. Rochester students will continue to be able to access the Stockbridge summer camp program and early release day field trips.
- The faculty and staff will be integrated, allowing employees to be assigned to roles located in either school, allowing the hiring of full time teachers or staff who may split time between the two schools, allowing greater specialization needed for particular courses, units, or classes and providing the opportunity for administrative specialization instead of duplication.
- Teachers will be supported through integrated professional development and joint curriculum planning and development. Students will gain from improved quality and greater equity in curricular offerings.
- More curricular offerings should, over time, become possible given the greater number of students. For example, a larger student body may allow for more programs in STEM, farm-to-school, world languages, art or music. There may also be the opportunity for staff with specialized class units to share these learning opportunities with both schools.

- A larger student body spread over two campuses should, over time, provide the critical mass of students to allow for more extra-curricular options—such as performing arts opportunities and additional sports teams.
- A larger number of students across both schools creates the opportunity for more planned activities which involve students from both schools, increasing social connections for students. These could include activities such as combined field trips and end-of-the-year field days and an expanded winter activities program.
- Both schools can coordinate participation in off-site learning experiences such as the US Forest Service snorkeling program, Starbase Vermont, and Camp Keewaydin that grades 5 and 6 from both schools participated in separately last year.
- The integration of the two schools will provide greater opportunity for a more robust student support system including health, wellness, guidance, and multi-tiered systems of support (MTSS).

Secondary Education

Secondary education, grades 7-12, will be provided at the school of choice selected by families. Stockbridge students have been served in that way for many years. Rochester has faced challenges in providing a full high school program for a very small number of students. This change will allow students and parents to select the school(s) for grades 7-12 that best meets the needs of a particular student and best matches travel patterns of parents. Based on current patterns in Stockbridge, Granville, and Hancock, it is assumed that most students will choose from among Middlebury, Harwood, Randolph, Woodstock, Sharon Academy, Rutland, or the new schools that might emerge from a Bethel/Royalton merger. If the latter schools come into being, they will likely work hard to provide incentives or supports which could encourage students to attend. Regardless of the choices made by families, Rochester students will receive greater secondary school opportunities than are currently available.

Achieving Efficiency and Sustainability

Part of our obligation is not just to deal with today's immediate budget issues, but to design a district that can be efficient and sustainable over the long-run, regardless of whether we continue to experience a decline in student numbers.

The committee, in this recommendation, is committed to the following principles:

- ✓ The actual per-student expenditure level must be similar in both communities as we enter into a merger to be certain that taxpayers in one community are not significantly impacted negatively.
- ✓ The per-student cost in the new district must be below the “excess spending threshold” which double-taxes expenditures above a certain level.

- ✓ The district must continue to provide quality elementary education in both communities. We believe we can do so at this spending level if we unify.

A. Achieving Equity in Per-Student Education Spending

To proceed with this merger, Rochester and Stockbridge need to start with similar actual education expenditures per equalized pupil. Although both towns have historically reported a similar cost per equalized pupil, actual per-pupil expenditures have been substantially greater in Rochester than in Stockbridge. Rochester’s reported costs have been buffered by the “ADM Hold Harmless” provision of the state financing system, but that feature is being phased out under Act 46. Without significant budget reductions, this merger cannot occur. Regardless of whether Rochester chooses to unify with another district, if there are not substantial reductions in spending, Rochester taxpayers will experience enormous tax increases.

Given the importance of the phase out of the “hold harmless” feature it is particularly important for all involved to understand how it functions.

In short, homestead property tax rates are determined in part, by 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 number *counted* 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”. One feature of Act 46 is to phase out the “ADM Hold Harmless” provision of Act 60. (Note: If a district becomes part of a union school district, the new district benefits from the 3.5% protection on a year-to-year basis. In other words, if a district loses more than 3.5% of its students in a particular year, the district can count 96.5% of its previous year’s students. However, the calculation is done from the actual number of students, not the reported number, preventing compounding in the number of “phantom students”, but providing a year for the district to adjust spending to account for the loss of students.)

Historically, Rochester has carried large numbers of “phantom students” as can be seen from the table below:

PHANTOM STUDENTS COUNTED FY'13-FY'18						
	FY'13	FY'14	FY'15	FY'16	FY'17	FY'18
Rochester	48.81	52.72	42.83	33.33	32.38	27.79
Stockbridge	5.11	0.73	0	0	3.26	1.87

The need for the Rochester reductions is illustrated in the table below which shows the comparative actual education spending per equalized pupils over the past five years.

Actual Cost Per Pupil (without taking into account phantom students) FY'13-FY'18						
	FY'13	FY'14	FY'15	FY'16	FY'17	FY'18
Rochester						
Education Spending	\$ 1,843,544	\$ 2,095,893	\$ 1,983,481	\$ 1,961,809	\$ 2,080,321	\$ 1,972,203
Actual Pupils	105.39	96.08	100.76	105.23	101.33	92.55
Ed Spending Per Pupil	\$ 17,493	\$ 21,439	\$ 19,685	\$ 18,643	\$ 20,530	\$ 21,310
Stockbridge						
Education Spending	\$ 1,535,845	\$ 1,517,274	\$ 1,619,132	\$ 1,575,050	\$ 1,542,844	\$ 1,488,945
Actual Pupils	98.5	99.25	101.72	104.55	97.63	88.93
Ed Spending Per Pupil	\$ 15,592	\$ 15,287	\$ 15,918	\$ 15,510	\$ 15,803	\$ 16,743

Faced with this situation, Rochester will need to decrease spending in the amount of \$334,964 in order to get per-student spending to a roughly equal place. This will be achieved by closure of the operation of a school for grades 7-12 and tuitioning students at a lower cost, and by modifying the elementary grades delivery model.

Attachment B includes a listing of the budget changes that may be considered. Ultimately, the school board of the new unified district will need to decide on a new district budget, however the committee has included in the Articles a restriction on overall spending in the first year to assure that the plan outlined in this document is actually carried out.

B. Keeping Spending Below the “Excess Spending Threshold”

The state finance system establishes an “excess spending threshold” for districts with per-student spending that is substantially beyond the norm. Local taxpayers are double-taxed on every dollar that exceeds the threshold. The new district is committed to operating below that penalty level, both because it is a standard that should allow the offering of a quality elementary program and because it avoids a serious tax penalty for homeowners in the district. The Articles of Agreement include limiting education spending to the “excess spending threshold” level during the first year of operation.

C. Assuring Quality Elementary Education

The new district is committed to assuring a quality elementary education experience for all students. The committee believes that spending at a level just below the "excess spending

threshold" will provide adequate resources to support excellent educational opportunities for all students. The 706 committee is recommending the immediate formation of a diverse community team of teachers, administrators, parents, and board members from both schools to develop the elementary education model at the Rochester campus for FY'19, due to the need for budgetary cuts in FY'19 at Rochester. With the necessary financial reductions needed, a collaborative approach with educators and other team members will increase transparency, strengthen community support, and ensure we are meeting the needs of all our students. In addition, the team will recommend a plan for future modifications of the elementary education model at both schools so that the two schools continue to move towards operating similar structures, to the extent that it is practical, feasible, and over the course of a time frame that works for all those involved.

D. Financial Benefits of a Unified District

A unified district created within the financial parameters identified will realize a number of financial benefits:

1. Combining the two districts makes possible greater efficiencies in operation over time. Student-teacher ratios can be better managed. Staff functions may be able to be shared in areas such as health, athletics, and guidance and maintenance. Field trips can be consolidated, reducing duplicated costs for transportation. There are opportunities for the offering of shared programs. In addition, there are possible administrative savings.
2. Local tax rates will stabilize. Local homestead tax rates are driven in part by the expenditure per student. Very small districts are subject to significant swings in student count (by percentage). Unification will double the size of the district and make it less prone to swings in student count, which can affect tax rates. In essence, unification creates a larger "risk pool", stabilizing costs per pupil.
3. Unification as a "side-by-side" will allow both towns to keep their small schools grants as "Merger Support Grants". The current amounts are: Rochester \$82,895 (estimate after closing secondary school) and Stockbridge \$72,786. If the districts choose not to unify, those grants are at risk of being lost.
4. The new district will be allowed to benefit from the "hold harmless" feature of the state's finance system, as described above. The new district, on a year-to-year basis will be protected from losing more than 3.5% of its student count. Without unification, that protection is completely lost.
5. Taxpayers in the new district receive incentives over the first four years of operation (.08, .06, .04, .02).
6. The new district will share with other new districts within the Supervisory Union a portion of a Transition Grant, designed to assist with the costs of creating a new district.

A model of tax rates going into the future can be found in **Attachment A**. The top of the attachment compares three different scenarios that assume closing Rochester High School and

Middle School. They all also include the assumption of decreasing education spending in Rochester by the amount of \$334,964.

- ✓ The first is continuing with totally separate districts, if that ends up being allowed by the State Board. The primary consequences are no guarantee of continuing small schools grants after FY'20 and no tax incentives for either community.
- ✓ The second assumes that the unification proposed in this document comes into being on July 1, 2018. It continues the small schools grants as a merger support grant for the elementary grades, and includes the merger incentives over a four year period.
- ✓ The third assumes that Rochester closes its middle and high school and the State Board orders Stockbridge and Rochester to become a single district effective in FY'20. The small schools grants cannot be assumed, and there are no tax incentives.

The scenario at the bottom of **Attachment A** reflects a non-merger status-quo situation where both districts continue to operate independently and Rochester does not reduce any of its costs from FY'18.

Attachment A shows that homestead tax payers in both communities will benefit from unification. Below is a summary of those savings to a homestead tax payer owning a house appraised at \$200,000.

MERGED DISTRICT						
PROJECTED TAX SAVINGS ON A HOMESTEAD VALUED AT \$200,000						
	FY'19	FY'20	FY'21	FY'22	FY'23	
Rochester	\$ 160	\$ 720	\$ 700	\$ 700	\$ 680	
Stockbridge	\$ 140	\$ 360	\$ 340	\$ 320	\$ 300	

For comparison, if Rochester does not unify and if it does not reduce its budget as described above, by FY'20 its pre-CLA tax rate on a \$200,000 house is projected to be more than \$2,600 higher than if the budget is reduced and the districts unified.

Increasing Transparency and Accountability

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

Recommendation

The committee recommends that the State Board and the voters of Rochester and Stockbridge support this unification. This action will be good for the education of students. It will be good for taxpayers. And in addition, the unification of Rochester and Stockbridge, as side-by-side districts within the White River Valley Supervisory Union, will exempt these two districts from further mandated restructuring by the State Board under Act 46.

ARTICLES OF AGREEMENT

The Study Committee recommends that the following Articles of Agreement be presented to the electorates of Rochester and Stockbridge in order to create a unified union district to be initially named Rochester-Stockbridge Unified School District, hereinafter referred to as the “Unified District”. Both of the referenced school districts are hereinafter referred to as the “Forming Districts.”

Article 1 Necessary and Advisable Districts

Both the Rochester Town School District and the Stockbridge Town School District are “necessary” for the establishment of a new Unified District.

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

The creation of this district is contingent on the voters of Rochester agreeing to cease operation of grades 7-12, and to tuition their students to schools of the family’s choice, effective July 1, 2018. If the voters of the Rochester School District vote to approve establishment of the Unified District as provided herein, such vote shall authorize the Rochester School District Board of School Directors to discontinue operation of a school for grades 7-12 and allow the Unified District to pay tuition for students in those grades to schools of the family’s choice, in accordance with 16 V.S.A. Section 822(a)(1).

Article 2 Grades to be Operated

The Unified District will operate schools for students in Pre-K through grade 6. Grades 7-12 will be provided by tuitioning students to schools selected by families, pursuant to provisions of state law. The Unified District is committed to providing its students with equal educational opportunity.

Article 3 New School Facilities

No new school facilities will be required to create the unified district.

Article 4 First Year of Operation

- 4 (a) In the first year that the Unified District is fully operational, the District will operate an elementary school, grades PK-6 in each community. Students will attend the elementary school according to town of residence, provided, however, at parent request, the Board of School Directors may adjust student enrollment based on individual student circumstances, and the Superintendent’s determination of capacity to serve the child.
- 4 (b) The Unified District will 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 (c) The Unified District will provide for the transportation of students in grades K-6, 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 (d) The budget proposed by the Unified District Board of School Directors for the 2018-19 school year shall not exceed the excess spending threshold as set forth in 32 VSA Chapter 135. In developing the budget for the first year, the amount spent per campus (Rochester and Stockbridge) will each not exceed the excess spending threshold had they been developed as separate entities.
- 4 (e) The Unified District Board of School Directors 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, 2017 may be found in **Attachment C**.
- 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 of School Directors 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) No later than June 30, 2018, the forming districts will convey to the Unified District for the sum of One Dollar, and subject to all encumbrances of record, all of their school-related real and personal property, including all land, buildings, and contents. The Rochester School Board will seek to sell the Dandelion Day Care building prior to June 30, 2018.
- 6 (b) No elementary school shall be closed without a unanimous vote of the Unified District Board of School Directors, and an affirmative vote of the town in which it is located.
- 6 (c) In the event that, and at such subsequent time as, the Unified District Board of School Directors determines, in its discretion, that continued possession of the real property, including land and buildings, conveyed to it by one or more forming districts are unnecessary to the continued operation of the Unified District and its educational programs, the 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/City owning and utilizing the real property for community and public purposes for a minimum of five years. In the event a Town/City elects to sell the real property prior to five years of ownership, the Town/City shall compensate the Unified District for all capital improvements and renovations completed after the formation of the Unified District and before the sale to the Town/City. In the event a town elects not to acquire ownership of such real property, the Unified District shall, pursuant to Vermont statutes, sell the property upon terms and conditions established by the Unified District Board of School Directors.
- 6 (d) The list of specific pieces of real property that will be conveyed to the Unified District, and their valuations, is attached to these articles as **Attachment D**.

Article 7 Board Composition

The Unified District Board of School Directors shall be comprised of 6 members who will initially be elected on an at-large basis by Australian Ballot vote of the voters of the Unified District in accordance with Article 9 below. Thereafter, the Board of Directors shall be elected in the manner specified in Article 11 below.

The membership of the Unified District Board of School Directors will be as follows:

Three (3) Directors shall be elected at-large from candidates nominated by the legal voters of Rochester from among the legal residents of that town;

Three (3) Directors shall be elected at-large from candidates nominated by the legal voters of Stockbridge from among the legal residents of that town.

All directors shall have equal votes on the Board.

Article 8 Terms of Office of School Directors

Pursuant to the provisions of 16 VSA §706j(b), elected school directors shall be sworn in and assume the duties of their office. The term of office for School Directors elected at the November 28, 2017, election shall be one, two, or three years respectively, plus the additional months between the date of the Organizational Meeting of the Unified District (16 VSA §706j), when the initial school directors will begin their term of office, and the date of the Unified District's annual meeting in the spring of 2019, 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
Rochester	1	1	1
Stockbridge	1	1	1

Article 9 Date of Voter Action

The proposal to form a Unified District will be presented to the voters of each Forming District on November 28, 2017. The candidates for the new Unified District Board of School Directors will be elected by Australian ballot on November 28, 2017 as required by law. The form of the warning for these voters will be substantially as presented in **Attachment E**. Nominations for the office of School Director shall be made by filing with the clerk of the current school district a statement of nomination signed by at least 30 voters in that district or one percent of the legal voters in the current 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 Rochester and Stockbridge. 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 Rochester and Stockbridge shall cease all educational operations and shall remain in existence for the sole purpose of completing any outstanding business not given to the Unified District under these articles and state law. Such business shall be completed as soon as practicable, but in no event any later than December 31, 2018. The Unified District shall continue to be a part of the White River Valley Supervisory Union.

Article 11 Annual Budget and Public Questions

Following establishment of the new district, budgets, public questions, and the election of subsequent school directors shall be conducted at a meeting of the voters acting from the “floor” unless the voters adopt Australian ballot voting procedures, pursuant to 17 VSA section 2680.

Annual school district meetings will be held in locations that alternate between the two towns from year to year.

Article 12 Name of New District

The initial name of the Unified District shall be the Rochester-Stockbridge Unified School District. During the first two years following the establishment of the Unified District, the Unified District Board of School Directors shall have the authority to rename the district after significant public engagement with community members, teachers and staff, and students.

Article 13 Future Review of Status of Unified District

Following five years of operation, the Unified District Board of School Directors shall review the degree to which the Unified District has fulfilled the goals set forth in these articles and will determine whether to continue the union district or whether to recommend to voters and the State Board dissolution of the district under 16 VSA 724.

Attachment A

Rochester-Stockbridge Unified School District						
Pre-CLA Homestead Tax Comparisons						
Assumes reduction of phantom students to 4.65 in Rochester FY19 and no phantom students in FY20						
Assumes 2% inflationary increase of education spending/year						
Assumes 1% reduction of actual students						
	FY18	FY19	FY20	FY21	FY22	FY23
No Merger Scenario						
Rochester	1.63	1.72	2.08	2.16	2.25	2.33
Stockbridge	1.63	1.71	1.90	1.98	2.06	2.14
* Small schools grant phased out in FY20						
* Includes no tax incentives						
* Assumes Closure of Rochester Jr-Sr High School in FY19						
* Assumes Reduction of Edu Spending of \$334,964 in Rochester						
	FY18	FY19	FY20	FY21	FY22	FY23
Unified District FY19						
Rochester	1.63	1.64	1.72	1.81	1.90	1.99
Stockbridge	1.63	1.64	1.72	1.81	1.90	1.99
* Assumes Small Schools Grant becomes Merger Support Grant in FY19						
* Factors the .08, .06.... Reduction in tax rates effective with FY19						
* Assumes 5% tax rate increase protection						
* Assumes Closure of Rochester Jr-Sr High School in FY19						
* Assumes Reduction of Edu Spending of \$334,964 in Rochester						
	FY18	FY19	FY20	FY21	FY22	FY23
State Created District FY20						
Rochester	1.63	1.72	1.99	2.07	2.15	2.24
Stockbridge	1.63	1.71	1.99	2.07	2.15	2.24
* Small schools grant phased out in FY20						
* Includes no tax incentives						
* Assumes Closure of Rochester Jr-Sr High School in FY19						
* Assumes Reduction of Edu Spending of \$334,964 in Rochester						
	FY18	FY19	FY20	FY21	FY22	FY23
Status Quo Scenario						
Rochester	1.63	2.38	3.00	3.11	3.22	3.34
Stockbridge	1.63	1.71	1.90	1.98	2.06	2.14
* Small schools grant phased out in FY20						
* Includes no tax incentives						
* Assumes no budget adjustments						
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.						

Attachment B

ATTACHMENT B: FINANCIAL SUMMARY			
SHOWING POSSIBLE CHANGES FROM APPROVED FY'18 TO PROPOSAL FOR UNIFIED DISTRICT IN FY'19			
	Rochester	Stockbridge	Combined
Approved Budgets FY'18			
Expenditures	\$ 2,915,672	\$ 1,736,707	
Revenues	(943,469)	(247,762)	
Education Spending	\$ 1,972,203	\$ 1,488,945	\$ 3,461,148
Expenditure Changes with Unified District			
Closure of Grades 7-12			
A) Staff	\$ (587,048)		
B) Programs	\$ (96,475)		
C) Extra-Curricular	\$ (97,185)		
D) Facilities	\$ (184,277)		
E) Hot Lunch Transfer	\$ (35,000)		
F) Administrative Support Reduced	\$ (53,446)		
Restructure of Elementary Programs			
A) Staff	\$ (145,509)		
Merging of Two Districts into One			
(A) Operational Savings	\$ (7,200)		
Total Expenditure Decreases	\$ (1,206,140)		
Tuition Increases			
Tuitions 35 x \$16,600	\$ 581,000		
Increased Remedial Support (Addtl 0.2 FTE)	\$ 13,000		
Total Expenditure Increases	\$ 594,000		
NET REDUCTIONS IN EXPENSES	\$ (612,140)		
Revenue Changes with Unified District			
Tuition decreased for middle/high school	\$ 151,950		
No longer received ADAP subgrant	\$ 18,400		
Reduction of Small Schools Grant for reducing operating grades (7-12)	\$ 72,826		
No longer receiving vocational transportation revenue	\$ 34,000		
NET REDUCTIONS IN REVENUE	\$ 277,176		
NET CHANGES IN EDUCATION SPENDING	\$ (334,964)		
2018 Combined			\$ 3,461,148
Net Changes			\$ (334,964)
Total			\$ 3,126,184
Edu Spending Expected increase of 2% for FY19			\$ 3,188,708

CHANGES IN COST PER EQUALIZED PUPIL			
Approved Budgets FY'18	Rochester	Stockbridge	Combined
Education Spending	\$ 1,972,203	\$ 1,488,945	\$ 3,461,148
Equalized Pupils (official count with "phantom students" included: 27.79 in Roch. and 1.87 in Stock.)	120.34	90.8	
Cost per Equalized Pupil	\$ 16,389	\$ 16,398	
No Merger in FY'19			
Education Spending	\$ 1,669,983	\$ 1,518,724	
Equalized Pupils (with 4.65 Roch. "phantom students")	96.27	88.04	
Cost per Equalized Pupil	\$ 17,347	\$ 17,250	
Estimated PP Cap	\$ 17,800	\$ 17,800	
Add for over PP Cap			
Adjusted Ed Spending per Eq Pupil	\$ 17,347	\$ 17,250	
Unification in FY'19			
Expenditures			\$ 4,121,044
Revenues			\$ 932,336
Education Spending			\$ 3,188,708
Equalized Pupils (with 4.65 "phantom students")			184.31
Cost per Equalized Pupil			\$ 17,301
Estimated PP Cap			\$ 17,800
Add for over PP Cap			\$ -
Adjusted Ed Spending per Eq Pupil			\$ 17,301

Attachment C

Debt and Balances

ROCHESTER AND STOCKBRIDGE SCHOOL DISTRICTS DEBT AND BALANCES			
		LT Debt Principal Balances	
		as of 6/30/17	
DEBT SERVICE SCHEDULES			
Rochester School District	\$150,000	Bond	paid off 6/30/23
	\$240,000	Bond	paid off 6/30/23
			paid off at approx \$65,000/year
Stockbridge School District	no debt		
SIGNIFICANT FUNDS- BALANCES			
pre-audit FY17			
Rochester School District	\$201,447		
Stockbridge School District	\$60,552		
Stockbridge Building Reserve	\$186,270	Plans for building improvements in FY'18	

Attachment D

Property to be Transferred

Property Valuation 7/1/16								
		Building	Personal Property	Site Improvements	Computer Equipment	Books/ Valuables	Mobile Equipment	Total Insured Value
Rochester								
	High School	\$ 3,658,100.00	\$ 566,500.00	\$ 44,900.00	\$ -	\$ -	\$ -	\$ 4,269,500.00
	Elementary School	\$ 3,041,190.00	\$ 82,500.00	\$ 16,100.00	\$ -	\$ -	\$ -	\$ 3,139,790.00
	Dandelion Day Care (If not yet sold)	\$ 90,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,000.00
	Bingo Road Forest Land Property							
Stockbridge								
	Stockbridge School	\$ 1,551,000.00	\$ 192,500.00	\$ 31,600.00				\$ 1,775,100.00
	Dugout	\$ 26,400.00						\$ 26,400.00

Attachment E
Language for Warning

_____ TOWN SCHOOL DISTRICT
WARNING
SPECIAL SCHOOL DISTRICT MEETING
NOVEMBER 27 and 28, 2017

The legal voters of the _____ Town School District are hereby notified and warned to meet at _____ on Monday, November 27, 2017, at 7:00 PM to discuss the articles set forth below and transact any business not involving voting by Australia Ballot.

Article I:

To discuss the Act 46 Study Committee Report and the articles set forth below.

The meeting shall then be recessed to Tuesday, November 28, 2017, in order to vote on the following articles by Australian ballot. The polls will be open from 7:00 AM to 7:00 PM at the _____ Town Offices.

Article II:

Shall the voters of the _____ Town School District vote to form the Rochester-Stockbridge Unified School District (“Unified District”) on the following terms:

1. The districts listed below shall be identified as “necessary” for the formation of the Unified District (referred to herein as “Forming Districts”):

Rochester Town School District
Stockbridge Town School District

2. The Unified District shall become effective on the date this article is 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. Provided, however, that such votes shall not become effective unless the voters of Rochester vote to cease operation of grades 7-12, and to authorize payment of tuition for students, grades 7-12 to schools chosen by families, in accordance with 16 V.S.A. Section 822(a)(1). If the voters of the Rochester School District vote to approve establishment of the Unified District as provided herein, such vote shall authorize the Rochester School District Board of School Directors to discontinue operation of a school for grades 7-12 and allow the Unified District to pay tuition for students in those grades to schools of the family’s choice, in accordance with 16 V.S.A. Section 822(a)(1).
3. The Unified District will operate schools for students in Pre-K through grade 6. Grades 7-12 will be provided by tuitioning students to schools selected by families, pursuant to provisions of state law. The Unified District is committed to providing its students with equal educational opportunity.

4. (a) The Unified District shall commence operating schools for grades Pre-K through 6 on July 1, 2018, provided this article shall have become effective by such date. In the first year that the Unified District is fully operational, the District will operate an elementary school, grades PK-6 in each community. Students will attend the elementary school according to town of residence, provided, however, at parent request, the Unified district Board of School Directors may adjust student enrollment based on individual student circumstances, and the Superintendent's determination of capacity to serve the child.

(b) The budget proposed by the Unified District Board of School Directors for the 2018-19 school year shall not exceed the excess spending threshold as set forth in 32 VSA Chapter 135. In developing the budget for the first year, the amount spent per campus (Rochester and Stockbridge) will each not exceed the excess spending threshold had they been developed as separate entities.
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.

(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.

(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 of School Directors following its organizational meeting.

(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.
6. (a) No later than June 30, 2018, the Forming Districts will convey to the Unified District for the sum of One Dollar, and subject to all encumbrances of record, all of their school-related real and personal property, including all land, buildings, and contents. The Rochester School Board will seek to sell the Dandelion Day Care building prior to June 30, 2018.

(b) No elementary school shall be closed without a unanimous vote of the Unified District Board of School Directors, and an affirmative vote of the town in which it is located.

(c) In the event that, and at such subsequent time as, the Unified District Board of Directors determines, in its discretion, that continued possession of the real property, including land and buildings, conveyed to it by one or more Forming Districts are unnecessary to the continued operation of the Unified District and its educational

programs, the 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 utilizing 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 completed after the formation of the Unified District and before 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.

7. The Unified District Board of School Directors shall be comprised of 6 members who will initially be elected on an at-large basis by Australian Ballot vote of the voters of the Unified District. Thereafter, the Unified District Board of School Directors shall be elected in the manner specified in Article 9 below. The membership of the Unified District Board of School Directors will be as follows:

Three (3) Directors shall be elected at-large from candidates nominated by the legal voters of Rochester from among the legal residents of that town.

Three (3) Directors shall be elected at-large from candidates nominated by the legal voters of Stockbridge from among the legal residents of that town.

All directors shall have equal votes on the Board.

8. Following establishment of the new district, budgets, public questions, and the election of subsequent school directors shall be conducted at a meeting of the voters acting from the “floor” unless the voters adopt Australian ballot voting procedures, pursuant to 17 VSA section 2680.
9. The initial name of the Unified District shall be the Rochester-Stockbridge Unified School District. During the first two years following the establishment of the district, the Unified District Board of School Directors shall have the authority to rename the district after significant public engagement with both communities, teachers and staff, and students.
10. Following five years of operation, the Unified District Board of School Directors shall review the degree to which the Unified District has fulfilled the goals set forth in these articles and will determine whether to continue the union district or whether to recommend to voters and the State Board dissolution of the district under 16 VSA 724.
11. The provisions of the Report and Formation Plan approved by the State Board of Education on October 18, 2017, which is on file at the offices of the White River Valley Supervisory Union shall govern the Unified District.

Article III: To elect from the following officers:

- A. Unified District Director from Rochester for a term of 1 year
- B. Unified District Director from Rochester for a term of 2 years
- C. Unified District Director from Rochester for a term of 3 years
- D. Unified District Director from Stockbridge for a term of 1 year
- E. Unified District Director from Stockbridge for a term of 2 years
- F. Unified District Director from Stockbridge for a term of 3 years

The legal voters of _____Town School District are further notified that voter qualification, registration and absentee voting relative to said annual meeting shall be as provided in Chapter 43, 51, and 55 of Title 17 Vermont Statutes Annotated.

Dated at _____, Vermont, October ____, 2017.

_____, Chair

_____, Clerk
