

**AGENCY OF EDUCATION
Montpelier, Vermont**

TEAM: Legal

ITEM: Will the State Board of Education find that the proposed formation of a new unified union school district by the ADDISON NORTHWEST SCHOOL DISTRICT ("ANWSD"), the MOUNT ABRAHAM UNIFIED SCHOOL DISTRICT ("MAUSD"), and possibly the LINCOLN SCHOOL DISTRICT, is "in the best interests of the State, the students, and the school districts" and (ii) "aligns with the policy set forth in" 16 V.S.A. § 701, and will the State Board therefore vote to approve the attached report of the ANWSD-MAUSD Study Committee?

SECRETARY'S RECOMMENDED ACTION:

That the State Board of Education finds that the proposed formation of a new unified union school district by the ADDISON NORTHWEST SCHOOL DISTRICT, the MOUNT ABRAHAM UNIFIED SCHOOL DISTRICT, and possibly the LINCOLN SCHOOL DISTRICT, is "in the best interests of the State, the students, and the school districts" and (ii) "aligns with the policy set forth in" 16 V.S.A. § 701; and

That the State Board votes to approve the attached report of the ANWSD-MAUSD Study Committee.

STATUTORY AUTHORITY: 16 V.S.A. §§ 709, 701

If a study committee determines that it is advisable to propose formation of a new union school district, then it transmits the report and proposed articles to the Secretary of Education, who forwards the documents with recommendations to the State Board.¹ The State Board reviews the documents, provides the study committee an opportunity to be heard, and considers any other information the Board deems to be pertinent.² It may ask the study committee, the Secretary, or both to make further investigation and may request that the study committee amend the report, the proposed articles, or both.

The State Board is required to approve the report and proposed articles of agreement, together with any amendments, as the final report and proposed articles if it finds that formation of the proposed union school district (i) is "in the best interests of the State, the students, and the school districts" and (ii) "aligns with the policy set forth in" 16 V.S.A. § 701.

Section 701 states:

It is the policy of the State to provide substantially equal educational opportunities for all children in Vermont by authorizing two or more school districts, including an existing union school district, to form a union school district for the purpose of

¹ 16 V.S.A. § 709(b).

² 16 V.S.A. § 709(c)(1).

providing for the education of its resident students in the grades for which it is organized, and for the new union school district to be a body politic and corporate with the powers incident to a municipal corporation, with all of the rights and responsibilities that a town school district has in providing for the education of its resident students. Formation of union school districts shall be designed to encourage and support local decisions and actions that provide substantial equity of educational opportunities statewide, lead students to achieve or exceed the State's Education Quality Standards, maximize operational efficiencies, promote transparency and accountability, and be delivered at a cost that parents, voters, and taxpayers value.

The final sentence of § 701 codifies the policy originally articulated in Act 46 (2015).

FACTUAL BACKGROUND:

The ANWSD is a unified union school district ("UUSD") that serves as its own supervisory district. It consists of the Towns of Addison, Ferrisburgh, Panton, and Waltham and the City of Vergennes. The district was created by a vote of the electorate on March 1, 2016 and became fully operational on July 1, 2017. The ANWSD currently operates two elementary schools, one middle-high school, and a trauma-sensitive school that focuses on restorative practices for students from throughout the region.³ The district is governed by a 12-member school board. Members are elected pursuant to the "proportional to town population" model, where each member is nominated and selected solely by the voters of the town in which the candidate resides. Each town has at least one seat on the board.

The MAUSD is a UUSD that serves as its own supervisory district. It currently consists of the Towns of Bristol, Monkton, New Haven, and Starksboro.⁴ The district was created by a vote of the electorate on November 8, 2016 and became fully operational on July 1, 2017. The MAUSD currently provides PreK/K-6 education in five buildings and grades 7-12 in a centralized secondary school building.⁵ The district is governed by a 13-member school board. Members are elected pursuant to the "proportional to town population" model, where each member is nominated and selected solely by the voters of the town in which the candidate resides. Each town has at least two seats on the board.

The boards of the ANWSD and the MAUSD created the ANWSD-MAUSD Merger Study Committee in April 2021 and the Study Committee held regular meetings for approximately 11 months. The Study Committee maintained dedicated website pages and publicly shared meeting briefs and other updates regarding its work. The Committee held a virtual community forum in the fall of 2021 to explore community values and priorities. In the spring of 2022, the Committee sought feedback on the draft proposed articles of agreement through both in-person

³ The alternative school for the region will move to Middlebury beginning in the 2022-2023 academic year.

⁴ Effective May 18, 2022, voters in Lincoln withdrew from the MAUSD and were reconstituted as the Lincoln School District pursuant to the terms of 16 V.S.A. § 724 then in effect. The MAUSD remains responsible for the education of students residing in Lincoln until July 1, 2023.

⁵ One of the five elementary school buildings is located in Lincoln.

and on-line methods. On June 21, 2022, the Study Committee voted to recommend creation of a new UUSD to the voters.

OVERVIEW OF MERGER PROPOSAL:

The ANWSD-MAUSD Merger Study Committee recommends creation of a new UUSD ("New Unified District"), to be known as the Addison North School District. The Study Committee identifies both the ANWSD and the MAUSD as "necessary" districts pursuant to 16 V.S.A. § 708(b)(1).⁶ In addition, it names the Lincoln School District as an "advisable" district pursuant to § 708(b)(2).

The New Unified District would provide for the education of all resident PreK-12 students by operating one or more schools for each grade beginning on July 1, 2023.

The New Unified District would be governed by a school board of 15 members and would include at least one member from each town. Members would be elected pursuant to the proportional to town population model, with proportionality ensured by weighting each member's vote. As a result of the proposal to weight votes, a similar number of board seats would be assigned to each town despite their divergent population sizes. The proposed articles would require the elected school board to recalculate the membership following the release of each decennial census and also if a town is added to or withdraws from the New Unified District at any time in the future.⁷

For at least the 2023-2024 academic year, students would attend the school they would have attended if merger did not occur. Intra-district choice would be available, school capacity permitting.⁸

⁶ In May 2022, residents of Starksboro voted to withdraw from the MAUSD pursuant to the version of 16 V.S.A. § 724 then in effect ("Former § 724"). Pursuant to the terms of the Former § 724 and Act 176 (2022), Section 7, voters in the remaining towns within the MAUSD will vote on August 9 whether to ratify Starksboro's withdrawal. If ratified, the terms of Act 176, Section 7, require the State Board to approve withdrawal and create a new Starksboro School District when it reviews Starksboro's petition, even if the Board determines that it is unlikely a new Starksboro School District will be prepared to assume full responsibility for the education of its resident students on July 1, 2023.

Given (i) the inability to predict the outcome of the ratification vote, (ii) the certainty that, if ratified, the new district will be created prior to the operational date of the New Unified District, and (iii) the deadline by which warnings must be published for a November merger vote, the proposed Article One states in part:

For purposes of this Agreement, the [MAUSD] shall be defined as follows:

- A. The towns of Bristol, Monkton, New Haven, and Starksboro if ratification of Starksboro's withdrawal is not approved through a vote by September 12, 2022 and pursuant to [the Former §] 724 and [Act 176] of 2022.
- B. The towns of Bristol, Monkton, and New Haven if ratification of Starksboro's withdrawal is approved through a vote by September 12, 2022 pursuant to [the Former §] 724 and [Act 176] of 2022.

⁷ Proposed Article Nine.

⁸ Proposed Article Fourteen D.

The Articles would prohibit closure of a currently operating school for all grades, K-5, without a vote of the electorate as follows:

1. At any time during the first four (4) years of the [New Unified District's] operation, an elementary school for all grades may be closed with a majority of the vote of the towns whose resident students attended that school as of the operational date of the [New Unified District].
2. After the first four (4) years of operations, an elementary school may be closed with:
 - a. Approval of two-thirds (2/3) majority of a quorum of the Board of Directors of the [New Unified District]; and,
 - b. Approval of a two-thirds (2/3) majority of the vote of the [New Unified District].
3. An elementary school will not otherwise be closed.
4. For the purposes of this section, school closure shall be defined as the District ceases to use the school building for the provision of direct education for a majority of grades operated within the building in the year prior to the first date of operations.⁹

If real property acquired by the New Unified District is no longer used for public education purposes, then the proposed articles would require that the district offer the building to the town in which it is located (or the towns with a historic connection to it), provided that the building would be used for community and public purposes for a minimum of five years.¹⁰

If the State Board approves the proposed merger, then the voters of the ANWSD and the MAUSD will vote on November 8, 2022 whether to approve creation of the New Unified District. If the voters in both districts vote in favor of the proposal, then the New Unified District will become fully operational on July 1, 2023. No new district is formed if the voters in either district fail to vote in favor of the proposal.

The voters of the Lincoln School District will vote on the merger proposal on November 8 if the Lincoln School Board warns the vote, either by its own decision to do so or upon receipt of a petition from at least 10 percent of its voters. The result of a vote in Lincoln would affect only Lincoln's membership in a New Unified District, and not the question of whether the new district will or will not be formed.¹¹

OVERVIEW OF POLICY CONSIDERATIONS:

The ANWSD-MAUSD Study Committee summarizes the rationale for its proposal to merge as follows:

State-wide and within our districts, school enrollment has been declining, and educational costs continue to rise. To maintain programming at its current state, in the face of this decreasing enrollment at our high school and middle school levels, our

⁹ Proposed Article Fourteen B.

¹⁰ Proposed Article Seven B.

¹¹ 16 V.S.A. § 708(b)(2).

school districts are facing predicted 13-15% tax increases through fiscal year 2027. As a result of these significant pressures, educational funding and budgeting will be drastically impacted and our students will be negatively affected by program cuts.

The Study Committee acknowledges that merger “does not necessarily directly result in cost efficiencies and lower tax rate increases [and that] decisions need to continue to be made in the future to have the greatest positive impact on student learning opportunities and property tax rates.” Nevertheless, the Committee’s analysis revealed that an “overwhelming majority of the possible positive outcomes of merging have materialized [in the ANWSD and the MAUSD since their creation in 2017], from the capture of cost savings to improved curriculum coordination.”

EDUCATIONAL CONSIDERATIONS:

The ANWSD-MAUSD Study Committee predicts that, absent merger, class sizes in the ANWSD and MAUSD will “increase beyond an optimal size” and there will be fewer support staff available to serve students, including those with the greatest educational and emotional needs. In addition, the Committee concludes that declining enrollments and increasing tax rates will lead to staff reductions and decreased program offerings, particularly in the middle and high school grades.

The Study Committee envisions that a larger, merged district will be better able to support both the continuation and expansion of educational opportunities.

For example, for World Languages, [the New Unified District] would be better able to maintain 3 languages and have increased potential to offer AP language options. Music (band) groups can meet basic minimum participation levels to be viable. Similarly, enrollment numbers for other options may allow them to continue. For AP courses, there will be more options possible and better possibilities for students to fit these courses in their schedules. It will also be possible to grow high-interest programs such as design technology and maintain/grow elective offerings for proficiency attainment.

FISCAL CONSIDERATIONS:

The Study Committee explains:

K-12 enrollment in MAUSD had declined 8% (-8%) from FY17 to FY21 (from 1,434 to 1,320) and is projected to continue to decline another 11% (-11%) through FY26 to 1,180. At the same time, MAUSD estimated the need for an 18% increase in budget to maintain the current level of programming. Education spending per pupil, the basis for homestead property tax rates, is \$18,6434.84 and increases in spending along with declines in enrollment are likely to cross the excess spending threshold and incur penalties that further increase local homestead tax rates. It was estimated that 66 staff reductions from MAUSD’s current 267, or 25% of staff would be needed to stay below the excess spending threshold. (The excess spending threshold has been suspended with recent changes to the education funding formula, however, the impact of increases in spending per pupil will still have significant impacts on property tax rates.)

Similarly, in ANWSD, K-12 enrollment had declined 9% (-9%) from 914 in FY17 to 829 in FY21. Enrollment was projected to decline another 95 (-9%) through FY26 to 755.

ANWSD estimated that a 19% increase in the budget would be needed to maintain current programs through FY26. ANWSD estimates the need to reduce approximately \$5M from the next four budgets to avoid double-digit tax increases. That equates to 40 fewer positions by the year 2026; a 21% decrease in staff from the current staff level.

The Study Committee's analysis projects that spending could be reduced by 5 million dollars annually in the New Unified District as compared to a "non-merged, level program budget." The Committee concludes that merger will enable the district:

to sustain or even increase programs for students while eliminating approximately 42 positions, including 11 central office positions. While still a difficult budgetary consideration, this merger limits the number of positions that will need to be reduced compared to each individual district's projections."

In addition:

As was the case with mergers under Act 46, one-time savings from merging and consolidating Central Office services have a positive impact on property tax rates and effectively "bend the curve," slowing the rate of tax rate growth and keeping rates lower than they would have been had there not been a merger. However, with increasing inflationary costs and declining enrollments, tax rates will continue to climb without additional work to collaborate in creative ways and implement more cost-effective practices.

SUPERVISORY UNION / SUPERVISORY DISTRICT

Recognizing the State Board's responsibility for the organization and adjustment of supervisory unions, the Study Committee requests that the State Board designate the New Unified District as its own supervisory district, stating that "[a]dministrative efficiencies are an important and significant benefit of the formation of the [New Unified District], and these can be best realized in a supervisory district structure."¹²

Although supportive of the proposed merger for the reasons outlined more fully in the Study Committee's report, the Secretary remains concerned that the proposed school closure provisions do not appear to satisfy one or more of the smaller towns in the region. The State's interest should be in governance stability – especially in a region that has many small schools. Therefore, although a UUSD that serves as its own supervisory district remains the preferred option, if that cannot be achieved in the region then a multi-district supervisory union may ultimately be the structure that provides the most stability.

STAFF AVAILABLE:

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¹² Proposed Article Fourteen C.