

AGENCY OF EDUCATION
Barre, Vermont

TEAM: School Governance

ITEM: Will the State Board of Education find that the proposed unified union school district formed by all current member districts of the **ORLEANS CENTRAL SUPERVISORY UNION** ("OCSU"), which would be its own supervisory district,¹ 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 final report of the OCSU Study Committee ("Study Committee")?

SECRETARY'S RECOMMENDED ACTION:

- 1. That the State Board of Education finds that the proposed formation of a new unified union school district by all member districts of the Orleans Central Supervisory Union, which will be its own supervisory district, is "in the best interests of the State, the students, and the school districts proposed to be members of the union" pursuant to 16 V.S.A. § 706c(b).**
- 2. That the State Board of Education votes to approve the attached report of the Orleans Central Supervisory Union Study Committee.**
- 3. That the State Board of Education votes to approve the temporary assignment of the new unified union school district, if approved by the electorate, to the Orleans Central Supervisory Union for the purpose of receiving administrative and other transitional assistance. Assignment would be for the interim period beginning on the date on which the unified union school district becomes a legal entity pursuant to 16 V.S.A. § 706g and ending on July 1, 2019, and would not modify the existing governing structure of the Orleans Central Supervisory Union.**

STATUTORY AUTHORITY:

16 V.S.A. § 706c; Act 46 of 2015, Sec. 7, as amended by Act 49 of 2017; 16 V.S.A. § 261(c)

BACKGROUND INFORMATION:

I. General

The OCSU consists of seven towns and eight school districts, each governed by its own board. The Albany, Barton Incorporated, Brownington, Glover, Irasburg, and Orleans Incorporated School Districts each operate an elementary/middle school. The Westmore School District pays

¹ As defined in 16 V.S.A. § 11(a)(24), a "supervisory district" is "a supervisory union that consists of only one school district, which may be a unified union district."

tuition for its resident elementary/middle school students. All seven town districts are members of the Lake Region Union High School District for grades 9-12. The OCSU board oversees a centralized, supervisory union-wide prekindergarten education program offered in two locations. More than one-half of all three- and four-year old children living in the OCSU are enrolled in the program. High school students access career technical education at the North Country Career Center in Newport.

Agency data reveal that the Fiscal Year 2018 average daily membership (“ADM”) for kindergarten through grade 12 for each district is as follows:

Orleans Central SU – 1,003.29

Albany – 76.06

Barton – 135.90

Brownington – 106.80

Glover – 110.40

Irasburg – 119.05

Orleans – 99.00

Westmore – 26.00

Lake Region Union – 330.08

The Barton ID Board has five members. The six remaining town elementary boards have three members each. The Lake Region Union High School District has an 11-member board that proportionally represents the seven member communities. The OCSU Board has 24 members composed of three members appointed from each of the eight district boards.

After passage of Act 46 in 2015, the seven town elementary districts formed a study committee under 16 V.S.A. § 706. The study committee developed a merger proposal under the “Accelerated” program created by Act 46, Sec. 6. The State Board approved the proposal on April 19, 2016. On June 7, 2016, the voters of all but one district voted not to approve the proposal. Because the proposal identified all districts as “necessary,” the districts did not merge into a new unified union school district and the study committee dissolved.

In December 2017 and January 2018, the districts submitted letters signed by the chair of each school board informing the Secretary and State Board that all school boards voted to form a new § 706 study committee “to pursue a preferred structure in regards to Act 46 and Act 49.”²

The new § 706 study committee (“Study Committee”) is presenting a proposal to the State Board at the June 8, 2018 meeting. If the State Board and voters approve creation of the proposed unified union school district, then the new district would be eligible for tax rate reductions and other transitional assistance available under the “Conventional” merger program established in Act 46, Sec. 7.

² The districts complied with the three requirements of Act 46, Sec. 9, by submitting these letters, by the work of the original study committee, and by the work expected of the new study committee.

II. "The Orleans Central Unified Union School District"

The Study Committee recommends creation of a unified union school district ("New Unified District") that would provide for the education of its resident students in prekindergarten through grade 12 by operating schools for all grades beginning on July 1, 2019. The Study Committee proposes that the New Unified District would be its own supervisory district pursuant to 16 V.S.A. § 261(c) and Act 46, Sec. 7.

The Study Committee identifies all eight OCSU districts as "necessary" to the proposal pursuant to 16 V.S.A. § 706b(b)(1).

The Study Committee does not identify any district as "advisable" to the proposal pursuant to 16 V.S.A. § 706b(b)(2).

If approved by the State Board, the electorate of each of the seven town elementary districts will vote on November 6, 2018 whether to approve creation of the New Unified District.

The New Unified District, which would be known as the Orleans Central Unified Union School District, would merge all eight school districts and the supervisory union into a single supervisory district responsible for operating schools for prekindergarten through grade 12. Creation of the New Unified District would also replace the nine current governing bodies with one unified board.

The New Unified District would be governed by a school board of 17 members that would include at least one member from each town. Board members would be nominated by and from among the electorate of the individual towns, with the number to be elected by a single town being closely proportional to the fraction the town population bears to the total population of the New Unified District as determined by the 2010 federal census. Election of board members would be by the electorate of the town to which the board seat was apportioned. The proposed Articles include a requirement for recalculation of board membership following the release of each subsequent decennial census.³

Students in elementary and middle school would continue to attend the school located in the town in which they reside for at least the first year of operation. The unified board would have authority to adjust school attendance boundary lines and grade configurations in any year thereafter. If the board of the New Unified District offered a program of public elementary/middle school choice at any time after July 1, 2020, then the proposed articles include a list of mandatory policy considerations to ensure equity of access.

The proposal includes a "grandfathering" clause for Westmore students in kindergarten through grade 8 for whom the Westmore School District pays tuition during the 2018-2019 academic year. The proposed articles also require the new unified board to develop a policy by April 15, 2019 for the placement of newly enrolled Westmore students beginning on July 1, 2019.

³ See the letter from the OSCU's legal counsel regarding the constitutionality of this configuration dated April 1, 2016 and submitted to the State Board in connection with the earlier merger proposal.

A currently operating elementary/middle school building could be closed during the first four years of the New Unified District's existence only if approved by a majority of the electorate of the municipality in which the building is located. Thereafter, building closure would require both a majority vote of the town electorate and a greater than 79% of the votes cast by the unified board.

If a school building were closed and would no longer be used for public education purposes, then the town in which the building is located would have the right of first refusal and could purchase the property for \$1.00, provided that the town agreed to use the property for public and community purposes for a minimum of five years. The proposal includes provisions addressing use by the town for fewer than five years.

The proposed articles include a provision requiring the establishment of structures to "support, encourage, and recognize local participation" and to provide advice to the unified board.

The merger vote and election of initial board members will take place by Australian ballot, as required by statute. All later votes on the budget and board membership would be by Australian ballot and would be commingled.

POLICY IMPLICATIONS:

By enacting Act 46, the General Assembly declared the intention to move the State toward sustainable models of education governance designed to meet the Act's educational and fiscal goals of excellence, equity, and efficiency. It was primarily through the lens of those goals that the Secretary has considered whether the OCSU 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.

In the Overview to the proposal, the Study Committee states that the "communities have a history of collaboration and cooperation that predates the creation of the [union] high school" in 1967. In addition, the communities "share the same demography, the same economic and social challenges, and the same values."

Currently, the districts have "closely aligned" policy manuals, hire and manage teachers based on the same negotiated terms, and share in the costs for services provided to students who have extraordinary needs. The Study Committee notes, however, that each district "prepares its own budget, hires its own personnel, operates its own food services, and maintains its own facilities independently." In addition to services that all supervisory unions are required to provide by statute, the OCSU provides, for example, contracted technology support and internet services.

The Study Committee believes that transition to a unified structure will be "relatively easy" because the OCSU is "highly functional" and the towns "have had positive experiences in sharing the responsibility for overseeing Lake Region High School and the prekindergarten program." It notes that "community members have witnessed how a representative board can serve the needs of each community without prejudice."

The Study Committee asserts that merger into a single unified district is supported by financial and operational benefits.

The most important reason for making this change, however, [is that it] will yield benefits for students in the region ... By increasing equity, sharing staff and resources, and reducing the number of part-time teaching assignments, ALL students in the district will have the same high-level learning opportunities in the years ahead.

EDUCATION IMPLICATIONS:

The OCSU Study Committee identified and discussed a number of potential educational benefits of a merged system

The Study Committee observes that because “each district is currently a separate and distinct employer, several teaching assignments are part-time. When there are openings for part-time assignments the applicant pool ... is often thin and retention rates are low.” The Study Committee sees merger as providing an opportunity to create full-time assignments for many of these positions by sharing the staff members among schools.

In addition, the Study Committee notes that a unified system will enable the district to share specialized staff among schools and support programmatic equity by, for example, hiring or deploying reading or math interventionists, a math specialist, and one or more foreign language teachers. It also envisions employing a science specialist “to offer hands on labs in classrooms, outdoor science activities, or lessons that prepare students for the rigorous programs of study at the high school.”

The Study Committee identifies additional benefits of merger as including the prospect for intra-district elementary school choice and the opportunity to restructure schools. For example, unification:

will offer the possibility of combining schools into primary (*e.g. grades PreK-4*) and intermediate (*e.g. grades 5-8*) in an effort to increase class sizes, increase the breadth of instruction for students in upper grades, and/or offer magnet programs for upper grade level students.

The Study Committee summarizes that “[c]oncepts like these, which enhance student opportunities, would be difficult if not impossible to implement with the current governance structure.”

FISCAL IMPLICATIONS:

The OCSU already has centralized services and operations for many functions. Therefore, large initial savings from consolidation of services and operations are not to be expected because many of these savings have already been realized. The OCSU Study Committee was able to identify immediate annual cost reductions related to a reduced number of audits (\$40,000), reduced board stipends (\$11,000 - \$21,000), and elimination of duplicative administrative tasks (\$16,000).

The Study Committee recognizes there will be areas for further long-term expenditure reductions, such as

- The bulk purchase of “commodities like heating oil, food served in cafeterias, and cleaning supplies;”
- The reduction of “redundancies inherent in having each district submit reports [that] will likely reduce staff time required to complete these reports;”
- The opportunity to share staff (discussed above);
- The possibility of reconfiguring grades offered in each building (discussed above);
- Further consolidating of special education services; and
- The consolidation of bus routes.

See also Act 46, Sec. 7 (2015) as amended by Act 49 (2019), for cost implications to the State.

STATE BOARD’S FINAL STATEWIDE PLAN:

As explained more fully in the Secretary’s proposed statewide plan issued on June 1, 2018, if the voters do not approve creation of a unified union school district, then it is not legally possible for the State Board’s final statewide plan to require the eight districts to merge into such a structure because the elementary school districts do not share the same operating/tuitioning patterns. It would be possible, however, for the State Board to require the six elementary school districts that operate schools to merge into a single union elementary school district. Such a merger would reduce the OCSU’s current eight districts, and their respective boards, to three districts:

- The Lake Region Union High School District, which in FY 2018 has a grade 9-12 ADM of 330;
- A union elementary school district that would operate multiple schools, which would be created by the merger of six elementary districts that in FY 2018 have a combined K-8 ADM of 647; and
- The Westmore School District, which in FY 2018 pays tuition for its 26 resident K-8 students.

As noted in the Secretary’s proposed statewide plan:

The timing of the currently-available voluntary merger options complicates the ability of ... the State Board to issue its final statewide plan by November 30, 2018. Nevertheless, the Legislature clearly contemplated that districts would continue to have the opportunity to pursue governance consolidation during the period in which the statewide plan is being developed (*e.g.*, the Legislature enacted both the Sec. 7 merger possibilities and the Sec. 10 statewide plan deadline in the same piece of legislation), and that new unified union school districts created during this period would be eligible for tax rate reductions and other transitional assistance if they met certain criteria.

In an effort to avoid the low voter turnout that accompanied the initial merger vote, the Study Committee proposes that the electorate vote on the proposed merger on November 6, 2018. This date is before the November 30 deadline by which the State Board must issue its final statewide plan, but is after the day on which the Board has indicated it hopes to issue it. If the State Board approves the OCSU Study Committee’s merger proposal and if the Board ultimately issues its

statewide plan prior to the November 6 merger vote, then the Board may want to discuss ways in which it can keep the statewide plan “open” solely for purposes of discussing the OCSU districts and making a final determination as required by Act 46, Sec. 10(b).

* * *

The Study Committee’s proposal is aligned with the goals of the General Assembly as set forth in Act 46 of 2015 and with the policy underlying the union school district formation statutes as articulated in 16 V.S.A. § 701.

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